The Selborne Memorandum on the Union of South Africa 1908

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THE

SELBORNE MEMORANDUM

A Review of the Mutual Relations of the British South African Colonies in 1907

WITH AN INTRODUCTION BY

BASIL WILLIAMS

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INTRODUCTION

I

As an introduction to this reprint of the *Selborne Memorandum* of 1907 with its accompanying dispatches it has been thought well to have a statement as to its origin and authorship. In the case of the Durham Report, that great state-paper which foreshadowed and guided the constitutional development of Canada, controversy has arisen as to the exact part of Lord Durham himself in its composition and to what extent the handiwork and influence of members of his staff, Buller or Wakefield, can be traced in it. Politically and constitutionally, no doubt, such questions are of small importance. Durham himself published the report under his own name and accepted full responsibility for it; and, had it not been issued by a man of his prestige and position as Governor-General of Canada, the report would not have had a tithe of the importance which accrued to it. Historically, however, the questions of origin and composition are of considerable interest; for it is a valuable aid to the understanding of such a document to know the influences and circumstances which made it possible. The controversy concerning the origin of the Durham Report has been less easy of adjustment, because no authoritative statement was made during the lifetime of the principals.

The same controversy will naturally arise about the conception of the *Review of the Present Mutual Relations of the British South African Colonies*, generally known as the *Selborne Memorandum*. Indeed Lord Selborne himself invites such inquiry, since in his dispatch to the Governor of the Cape he states that he 'accepted the co-operation volunteered by some gentlemen who have devoted much study to the investigation of the causes of the difficulties which beset the British South African Administrations', and that the memorandum 'embodies the result of their labours'. At the same time he adds that he had 'personally edited their work and thrown it into the form of a memorandum' of his own, for which he accepted 'entire responsibility'.[1] To Lord Selborne then, as to Lord Durham in respect to his Report, is due the chief credit for any political results that may have followed from the publication of the Memorandum, for had he not sanctioned and adopted it, it would probably have had little more influence than any other privately issued pamphlet or magazine article. In fact, however, it became a state document of the highest importance. Nevertheless who the gentlemen alluded to by Lord Selborne were and how the memorandum originated are obviously questions of considerable historical interest, which must be answered to understand the last stages of the movement to closer union in South Africa. And now, while the principal actors are still with us and able to state the facts, is the time to do it. It is because I happen to have an acquain-

[1] pp. 18, 19 below.

tance with all those concerned and to have been a close observer of the Convention which elaborated the Union constitution that I have been asked to write this introductory statement. In this task I have received help from most of those concerned, and should especially like to express my gratitude to Lord Selborne and to Mr. Lionel Curtis for their kindness in putting information at my disposal.

The documents here printed illustrate only one, though an important, step in the march towards Union in South Africa. Those who desire to study the far-flung, as well as the more immediate causes of Union will find indispensable for their purpose the volume of documents published, while this book was in preparation, by Professor A. P. Newton.[1] But whereas Professor Newton studiously abstains from comment, in his desire to make students seek out causes for themselves, in this introduction an endeavour is made to state and weigh facts which might otherwise remain unknown.

II

The idea of Union in South Africa was more than half a century old when in 1909 Union itself was finally consummated. Hardly was the ink dry on the signatures of the Sand River Convention of 1852 and the Bloemfontein Convention of 1854, documents

[1] *Select Documents relating to the Unification of South Africa*, edited by A. P. Newton, 2 vols., Longmans, 1924. The actual constitution of the South African Union will be found in the same author's and publisher's *Federal and Unified Constitutions*, 1923.

which sanctioned the separation of the Transvaal and of the Orange Free State respectively from the British Crown, when the Governor of the Cape, Sir George Grey, began pressing his views for a ' united South Africa under the British flag '. These views received considerable support from the Cape and from the recently enfranchised Free State ; and though he had no success in persuading the British Government of the day to reverse their recent policy and to re-assume further responsibilities in South Africa, the idea put forward with such far-reaching vision was never entirely lost to sight. After the successful launching of the Dominion of Canada in 1867 both parties in England began to conceive the possibility of enlarging the bounds of empire, while devolving further responsibility for the outlying parts on their inhabitants. Early in the seventies Gladstone's Colonial Secretary, Lord Kimberley, suggested to the Governor of the Cape that he should sanction a convention of South African delegates to consider the conditions of Union. This time the ground proved less favourable in South Africa itself. The Cape had hardly yet adjusted itself to the new experiment of responsible government, while, in the case of the Free State, the annexation of Basutoland had removed an inducement to seek protection from the natives, and the dispute about the Diamond Fields had exacerbated the feelings of that community. The more vigorous efforts of Kimberley's Conservative successor, Lord Carnarvon, to force federation on the British colonies and the two Boer republics proved, for the time being, fatal to the idea

of Union. Encouraged by his own small part in securing the passage of the British North America Act, and stimulated by the ill-judged advice of the historian Froude, in 1875 Carnarvon not only pressed for a conference of all the South African States and colonies to discuss a common native policy and even a federal system, but took upon himself to nominate the delegates to be sent by the responsible governments of the Cape and the other British colonies. This proposal fell to the ground, chiefly owing to the opposition of the Cape Government; but, nothing daunted, in 1876 Carnarvon sent out Sir Bartle Frere with the special mission of promoting federation; and he drafted a bill, passed by the Imperial Parliament as the South Africa Act in 1877, which laid down the lines on which confederation might be attained. Although this scheme was received with more respect than Carnarvon's original proposals by another ministry at the Cape, the difficulties which followed the annexation of the Transvaal and the consequent alienation of Dutch sentiment put it entirely out of the question; and after the restoration of independence to the South African Republic in 1881 it was heard of no more.

The reasons for Lord Carnarvon's failure are obvious and might have been deduced from history. External dictation has never promoted federation in any British colonies: they have always waited to achieve it as a result of an internal impulse. In the American colonies all efforts by the British Government to cure the obvious weakness of disunion by schemes of union

or federation proved abortive; and it was only as a result of urgent needs felt by the Americans themselves, after they had won independence, that they elaborated their constitution of 1789. Lord Durham himself, with all his great vision of a united dominion, was wise enough to postpone his idea of a junction of the Canadas with the Maritime Provinces when he saw that public feeling was not yet ripe for such a step; while even his truncated scheme of a union of Upper and Lower Canada proved an unsatisfactory solution. Canada indeed only found herself when she had complete liberty to decide her own fate.

But though Carvarvon's well-meant efforts were from the outset doomed to failure, because he had not learned the real lesson of the Canadian success, the idea of a voluntary union gradually gained strength in South Africa. 'United South Africa' was, as early as 1882, put forward as the principal aim of the Afrikander Bond; while next year that practical young dreamer, Cecil Rhodes, in one of his first speeches in Parliament, also declared for the 'United States of South Africa'; the only difference being that, whereas the Bond implicitly demanded an independent South Africa, Rhodes explicitly stated that he was for a South Africa 'as a portion of the British Empire'. Under Hofmeyr's influence the Afrikander Bond gradually came into line with Rhodes's view. Rhodes himself, from 1890 to 1896 Prime Minister of the Cape, and indeed from 1886 onwards the most powerful man in South Africa, supported as he was in the main by the Bond, as well

as by farseeing statesmen like Escombe of Natal, consistently made Union his aim. All his efforts, however, for the time being were brought to nought by Kruger's obstinacy, his own part in the Jameson Raid, and the war of 1899–1902: but it was not to be for long. Like Moses he saw the promised land, though he was not allowed to enter it.

In spite of the war some of the obstacles to Union were cleared away by the peace of Vereeniging, which once more brought all South Africa under one sovereignty; and thereafter public opinion moved fast towards the goal. In the very year of the peace the Afrikander Bond declared its aim to be 'a federal union . . . [under] the supreme authority of the British Crown'. Ex-president Steyn said that the war itself and the blood shed in it by Boers from all colonies on one side had made it clear to him that union was the only remedy for the woes of South Africa; General Smuts in 1905 traced all the evils of the past to 'dis-union, disruption', which alone had prevented a 'united South Africa, stretching as far as Zambesi or farther'; Botha, in his election speeches of 1907, appealed to his Boers to be pioneers in federation as they had been pioneers of the Transvaal; and lastly Mr. F. S. Malan made his widely read paper *Ons Land* the vehicle of these ideas throughout the Dutch community. The English, carrying on Rhodes's tradition, were no less forward in preaching the same gospel. Lord Milner spoke of Union as the 'great and distant aim' of all his endeavours; Jameson, Mr. Merriman at the Cape, Sir Albert Hine

and others in Natal spoke in the like vein. Finally, the promise of responsible government to the Transvaal and the Orange River Colony by the Liberal ministry in 1906 removed one of the last obstacles to the movement: for at length all the states desiring to participate in Union could come together on an equal footing and bargain freely with one another as to the terms of a voluntary association.

III

But though, by 1906, public opinion was fully prepared for Union, the evils of disunion, while dimly felt, had never been brought home to South Africans in a concrete form that they could grasp; nor, since Carnarvon's day had any definite scheme for union been presented for discussion. Indeed to some it seemed that, for want of a clear apprehension of the actual dangers and of the only remedy for them, the advent of responsible government, desirable and satisfactory as it was in itself, might even give a temporary set-back to the movement. As long as Lord Milner had been to all intents the absolute ruler of the two inland colonies, by his influence and the measures he adopted he had to a great extent smoothed away differences on those economic questions which were always liable to disturb relations between them and their sister colonies on the coast; and in other ways he had done his best to accustom South Africans to look at their problems as national rather than purely local and provincial. For example,

in intercolonial conferences on railway and customs rates, in order to secure the general well-being of South Africa, he had sometimes yielded points to the coast colonies which were not to the immediate advantage of those inland. Again, by instituting common railway, constabulary, and debt services for the Transvaal and the Orange River Colony, he had made a beginning of federal institutions. Lastly, by appointing, as High Commissioner, a commission of inquiry into the native problem, not piecemeal, as had been done hitherto, for each colony, but as it affected the whole of South Africa, he had picked out one of the chief subjects on which united action was essential, even more essential than in the case of the thirteen American colonies and their relations with the Indians in the eighteenth century. In fact Lord Milner's system, though resented by those who preferred independence even to union, showed South Africans some of the practical benefits of closer co-operation : just as the advantages of a union imposed by Napoleon on Italy were never quite lost sight of by those who dreamed of a united and also a free Italy. But now there seemed a possibility that all these beginnings might end in smoke. By the new constitutions the joint constabulary and railway might be divided if the Transvaal and her neighbour desired ; the people of the Transvaal, allowed to enunciate their personal wishes, would not be likely to continue the unfavourable terms of the customs and railways agreement for the benefit of rival colonies. In fact, as soon as each colony became entirely independent of the others,

there was a danger of particularism proving too tempting a course, too tempting and easy, unless South Africans had before their minds some vivid and detailed picture of the dangers to which such a course would lead and some practical suggestions for Union.

One of those most impressed with the need of presenting some such clear statement of facts, to focus attention and prove a basis for practical discussion, was Mr. Lionel Curtis. He had hitherto been concerned principally with the organization of the municipal life of the Transvaal, first as the Town Clerk of Johannesburg and later as Assistant Colonial Secretary charged with municipal affairs throughout the country. In both these capacities he had shown remarkable driving power and originality of conception, and had acquired considerable insight into the problems, not only of the Transvaal, but also of other parts of South Africa. He was perhaps the most distinctive product of Lord Milner's *kindergarten*, as the band of enthusiastic young Oxford men, brought out to help him in restoring civil order out of the chaos of war, was called, half affectionately, half in derision of their ingenuous youth. Most of these young men had remained, performing some kind of public service, after Lord Selborne had taken over the reins from Lord Milner in 1905 ; and they were wont to meet of evenings, often at a house appropriately named Moot House, where several of them lived, to discuss the affairs of the nation and the world. To his friends of the *kindergarten*, accordingly, Mr. Curtis, some time in June or July 1906, propounded his idea that somebody

ought to get busy preparing a memorandum stating clearly, by means of facts and statistics, the dangers of disunion in South Africa and indicating Union as the only remedy. The friends enthusiastically approved of this suggestion, naturally designated Mr. Curtis himself as the man to draft the statement and agreed to form an informal committee to criticize and polish up his proposals. Besides Mr. Curtis those chiefly concerned in the enterprise were Mr. Patrick Duncan, then Colonial Secretary, Mr. Lionel Hichens, the Treasurer of the Transvaal, Mr. Geoffrey Robinson (Dawson as he has since become), the editor of the *Johannesburg Star*, Mr. Richard Feetham, the Town Clerk of Johannesburg, and his deputy Mr. John Dove, Hon. Robert Brand and Mr. Philip Kerr, respectively secretary and assistant-secretary of the Intercolonial Council (T. V. & O. R. C.), Mr. G. L. Craik of the Johannesburg Bar, and Mr. D. Malcolm, Lord Selborne's private secretary.[1] Further, it was determined to put the scheme before Lord Selborne

[1] It is of some interest to note the subsequent careers of this remarkable set of young men. Mr. Curtis, after leaving South Africa, became the chief originator of the *Round Table*, had much to do with the establishment of the Dyarchy system in India, took a share in framing the Irish treaty of 1921 and has since been adviser to the Colonial Office in carrying out its provisions; Mr. Duncan was Colonial Secretary and Minister for Education in General Smuts's last ministry; Mr. Hichens is the chairman of Cammell Laird's; Mr. Dawson is the editor of *The Times*; Mr. Feetham is a judge of the South African High Court and Chairman of the Ulster Boundary Commission; Mr. Brand is a partner in a great financial house in the City; Mr. Kerr was sometime editor of the *Round Table* and then private secretary to Mr. Lloyd George during the war; Mr. Malcolm is a director of the British South Africa Company; Mr. John Dove is now editor of the *Round Table*; Mr. Craik, after holding high office at Scotland Yard, is now in business.

as High Commissioner[1] and, if possible, to enlist his support and authority for the memorandum when completed. Lord Selborne approved of the scheme, without, of course, at that time committing himself to its results, and facilitated Mr. Curtis's work by allowing him to resign his office in the administration and giving him an informal position on his own staff.[2]

After travelling about in the coast colonies to gather information and to ascertain the state of public opinion there, Mr. Curtis set to work at the memorandum and had finished the first draft by December. As the instalments were finished they were sent to Lord Selborne for his corrections and considered by the informal committee already mentioned. Several proofs were successively printed, each showing corrections made by Mr. Curtis's friends, who were at all times ready to discuss and verify every statement made in the draft. It was also considered at more formal meetings of the committee presided over by Lord Selborne ; and by the end of the year the High Commissioner, who had taken it for final revision, had it in such shape that he was prepared to initial

[1] The Office of High Commissioner, associated before Union with that of Governor of one of the colonies, since Union with that of Governor-General of South Africa, is concerned with native states and native affairs directly under the Imperial Government (e. g. Basutoland), with diplomatic questions such as relations with Mozambique and generally matters relating to the whole of South Africa rather than any one colony. In those days, therefore, the High Commissioner's was the only co-ordinating influence in South Africa.

[2] Later Mr. Curtis thought it wiser to work at the Memorandum as a private individual, since he would thereby have more freedom for future action.

it and accept responsibility for it. Mr. Philip Kerr had meanwhile been working at a special memorandum on the technicalities of Railway management with suggestions for working all the Colonial railways as one system under Union. This statement was also discussed by Mr. Curtis's committee and then handed to Lord Selborne, who, however, took no responsibility for it.

Then the question arose as to how the Memorandum printed below (pp. 26–183) could best be used to serve its purpose; how, to quote the phrase used by Lord Selborne and Mr. Curtis, it could be most judiciously 'dropped in the path of South African statesmen'. Of course it might have been published by Mr. Curtis in his private capacity and as a statement from an informal committee; but it would obviously have lost much of its force unless backed by the responsibility of the High Commissioner. But Lord Selborne was too wise and experienced a statesman to fall into Lord Carvarvon's mistake of appearing to dictate to South African opinion from his imperial eminence; and he was determined not to publish the memorandum, non-committal though it studiously was on the methods of securing union, as a bolt from the blue simply on his own initiative: moreover, even had he wished to do so, the home government would certainly not have sanctioned such a proceeding. If he published the memorandum at all, it must be at the request of some authority responsible to South African public opinion. At that time, December 1906, there was no responsible government in South Africa

except in Cape Colony and Natal, since the Letters Patent granting it to the Transvaal did not arrive till the beginning of 1907. But Dr. Jameson, then Prime Minister of the Cape and the inheritor of Rhodes's enthusiasm for Union, being informed of the memorandum in preparation, was more than willing to elicit it by an official request. He accordingly, on behalf of his ministry, forwarded to Lord Selborne a minute [1] drawing his attention to the dangers of the state of disunion in South Africa and requesting him to bring them home to the public by 'undertaking to review the situation in such a manner that the public may be informed as to the general position of affairs throughout the country'.

When he received this request from the Cape Government, Lord Selborne consulted the other British Governments in South Africa and obtained from all a hearty approval of the Cape's suggestion. In response he himself wrote the dispatch to the Governor of the Cape of January 7, 1907,[2] summing up in terse and vigorous language the difficulties with regard to railways, customs, law, agriculture, mining, native and coloured people to which South Africa was subject by having no common South African policy, and pointing out that, even when every colony had self-government, as long as these difficulties had to be settled piecemeal by each separate Government, South Africans would still be far from being masters in their own house. With this dispatch he enclosed the Memorandum, christened *Review of*

[1] pp. 4–6 below. [2] pp. 7–19 below.

Mutual Relations, as drawn up by Mr. Curtis and finally adopted with revisions by himself. Some of Lord Selborne's amendments were fairly drastic: for example, the chapter on the natives [1] was cut down from twenty-three to thirteen pages, with considerable benefit to the clearness and convincing character of the section; the final chapter, General Observations,[2] was also much shortened; and generally all contentious matter about the past and all semblance of laying down a programme for South Africans to follow in the future were rigidly excluded. But most of the sections were left very much as they were originally drafted: and in some the Review remained in substance and in most of the wording very much as Mr. Curtis had originally conceived it. In forwarding it Lord Selborne gave generous credit to the work of Mr. Curtis and his friends, while at the same time giving it the inestimable authority of his own responsibility.[3]

Finally, in a later dispatch of January 16, 1907,[4] he forwarded Mr. Kerr's memorandum on the railways without taking responsibility for the statements it contained. This memorandum is nearly as long as the *Review of Mutual Relations* and deals largely with the technicalities of railway management: for these reasons it has not been thought worth re-publishing here. Nevertheless it is well worth attention by a student of the Union constitution, partly for its strong plea for unification of the railways under

[1] Part IV, pp. 108–20 below.
[2] Part IX, pp. 167–76 below.
[3] See pp. 18, 19 below.
[4] p. 184 below.

a federal South African government, partly because the framers of the constitution were evidently influenced by its recommendations, and notably by its scheme for freeing railway management from political influences.

Lord Selborne's dispatches and the accompanying papers were first published in a Cape blue-book and presented to the Cape Parliament. In this assembly some attempt was made to criticize the High Commissioner for unduly interfering in affairs pertaining to a responsible government. But there was obviously little substance in the complaint, since the Prime Minister and his cabinet had taken the responsibility of eliciting the documents ; and it fell quite flat owing to the vigorous defence of Mr. Malan. He was one of Dr. Jameson's most determined political opponents; but he was also a convinced supporter of closer Union, as he proved by his writings in *Ons Land*,[1] and he regarded the *Review* as a most valuable statement in aid of the policy he advocated. When, therefore, this prominent member of the opposition came to the support of the ministry, the attack on Lord Selborne collapsed. Subsequently all the papers were republished by the Colonial Office in Cd. 3564 of July 1907 and presented to the Imperial Parliament.[2]

[1] See above p. xiii.

[2] In addition to the contents of the present volume Mr. Kerr's railway memorandum is printed in full in Cd. 3564 of 1907, and an extract from it is to be found in Professor Newton's book of documents. The only other item in the blue-book not here printed is a telegram of July 2, 1907, from Lord Selborne forwarding a minute from Botha's recently constituted cabinet. This minute agrees with most of the views expressed in Lord Selborne's dispatch of January 7 and in the *Review*, but adds

By this time the ground had been cleared for independent action by the grant of full responsible government, to the Transvaal in January, to the Orange River Colony in June 1907. But at first these two colonies were naturally absorbed in the task of adjusting themselves to the new system of government, while the coast colonies were anxiously watching the experiment: besides, the energies of Natal were fully occupied with the Dinizulu rebellion and its aftermath, and the change of ministry from Jameson to Merriman gave the Cape its share of local excitement. Hence throughout 1907 those principally concerned in party politics had little leisure to devote to problems of Union. But Mr. Curtis and his friends had the time and an untiring enthusiasm for this one object; and they did not let the grass grow under their feet. They had helped by the Memorandum to confirm the growing belief that some means of reconciling the jarring interests of the colonies must be found; not only were they convinced that this belief must be kept alive and vigorous by constant iteration, but that South Africans should be encouraged to form definite conclusions for themselves as to the best form of union:—unification or federation. Closer Union Societies were formed throughout the length and breadth of South Africa, wherever a nucleus of men could be found ready to think out the problems and to persuade their neighbours to think them out with them.

somewhat mysteriously that 'they would welcome a solution of the federation question which would extend the comity of South African co-operation to the province of Mozambique'.

Appropriate literature was composed and published broadcast, both in Dutch and in English. For example, Lord Selborne's dispatch and the Memorandum were extracted from the blue-book and issued by the thousand in leaflet form. Mr. B. K. Long, now editor of the *Cape Times*, prepared *The Framework of Union*, a volume giving the constitutions of the federal states already in existence and conveniently tabulating their differences and resemblances. Others co-operated with Mr. Curtis in producing a series of papers, afterwards collected in volume form as *The Government of South Africa*,[1] replete with statistical details essential for the consideration of constitution-makers and strongly advocating unification rather than federation. Lastly, to anticipate a little, when the Convention was actually in session, at the beginning of 1909, *The State*, a magazine edited by Mr. Philip Kerr, was inaugurated both in Dutch and in English, to keep the main issues of Union constantly before the people. Nor was this magazine merely dull propagandist literature confined to statistics and constitutional disquisitions, though it did contain some of that necessary powder and shot for the struggle ; it was alive, too, with the fire and enthusiasm of youth eager in a great cause, and sought to stir up South Africans to an appreciation of their destiny by recounting the glories of their common past, by well-chosen illustrations of their beautiful and historic buildings, and by eliciting the contributions of growing schools of fresh artists and writers hitherto hardly appreciated for want of a common organ of

[1] 1908. Now issued by the Oxford University Press, in two volumes.

expression. In a word, it helped South Africans to think of South Africa as a whole and as a country of which to be proud.

By the beginning of 1908, when the new governments were firmly in the saddle, the feeling for some form of Union had become so strong, that the first opportunity was seized for getting down to business. A fitting occasion was found in the inter-colonial conference convened in May 1908 for the discussion of the tariff and railway rates. Here, when the delegates met, they decided that it was waste of time to discuss such contentious questions while the still more momentous problem of Union was looming in the background; for if that were settled all such questions would *ipso facto* be solved. Accordingly, the conference resolved to invite the legislatures of all the colonies to nominate delegates to a National Convention for drafting a constitution for South Africa. The proceedings of this National Convention, which was in session from October 1908 to the following February and in that time hammered out the constitution, finally passed as an Act of the Imperial Parliament in September 1909, have been related elsewhere and need not, for the purposes of this volume, be repeated.[1]

[1] For the proceedings of the Convention and its results the following books may be consulted with advantage: *The Union of South Africa* by Hon. R. H. Brand, Oxford, 1909; *The Inner History of the South African Convention* by Sir Edgar Walton, Capetown, 1912; *Minutes of the National Convention*, Capetown, 1911. For a description of the steps towards Union and of the points which evoked most discussion at the Convention I may perhaps refer to my article on 'South African Union' in the *Edinburgh Review* for July 1909 (vol. ccx, No. 429).

While it cannot be claimed for the historic dispatch and Memorandum here reprinted that they were the main cause of this successful issue :—the conviction expressed, even before it saw the light, by most of the leading South Africans—Jameson, Mr. Merriman, Mr. Malan, Botha, General Smuts, Farrar, Sir Lionel Phillips, Sir Abe Bailey—that Union must and should come, is sufficient indication of the trend of public opinion :—yet the dispatch and Memorandum had this inestimable merit that they crystallized public opinion at exactly the right moment and gave South Africans a definite and weighty pronouncement round which to centre discussion. In fact it became the starting-point of action.

The credit due to Mr. Curtis primarily and to his band of friends, as the originators and chief authors of the memorandum, can hardly be placed too high. But it should never be forgotten how eminent a part Lord Selborne himself played in assuming responsibility for it and launching it. Principally owing to his tact and statesmanship the Memorandum as it was finally passed could not be said by the bitterest partisan to contain any element of dictation, or one word to which anybody, in a society still highly inflammable after the war, could take exception. It was, too, a signal act of courage for the representative of the Imperial Government to set his name at all to such a document, however tactful and discreet it might be. For South Africa still remembered Lord Carnarvon's ill-judged attempt at dictation, and with years had grown more rather than less suspicious of any appear-

ance of interference with affairs pertaining to the responsible governments by any representative of the Imperial Power. Throughout the preparations for the Convention and during its proceedings Lord Selborne's action was of a piece with his handling of the Memorandum. He never attempted, formally or informally, to impinge upon the delegates' absolute freedom of decision; and only when he was specifically consulted as to the conditions on which the Imperial Government might hereafter surrender its responsibility for native territories to a South African Government, a matter clearly within his province, was he explicit and firm in his advice. Lord Selborne's chief achievement for South African Union was that he was great enough to let South Africa decide for herself, and that he resisted the obvious temptation to a politician as keen as himself to press his own views, which, however good, might have been resented. He had indeed been educated in two good schools: he had learned statesmanship in the House of Commons and in public office in England: he had learned to deal with slow, obstinate, shrewdly simple and generous-minded men like the Boer farmers through his own love of the land and of farming pursuits and his intimate knowledge of the not very dissimilar farmers of his native Hampshire.

BASIL WILLIAMS.

McGill University,
Nov. 1924.

PAPERS

RELATING TO A

FEDERATION OF THE SOUTH AFRICAN COLONIES

No. 1.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received January 26, 1907.)

High Commissioner's Office, Johannesburg,
January 7, 1907.

MY LORD,

I HAVE the honour to forward, for your information, a copy of a despatch from the Governor of Cape Colony enclosing a minute from his Ministers in which they invite me, as High Commissioner, to review the general situation in South Africa in such a manner as may enable the people of this country to appreciate the difficulties of administration under the present system, and to consider whether (and if so by what means) it is advisable to establish a central national government embracing all the British Colonies and Protectorates.

2. I also forward a copy of my reply to the

Governor of Cape Colony, enclosing my correspondence with the other South African Governments on the subject, together with a memorandum reviewing the situation in accordance with the Cape Ministers' request.

3. Copies of my reply to the Governor of Cape Colony and of the memorandum have been sent to the Governments of Natal, the Transvaal, the Orange River Colony, and Southern Rhodesia.

I have, &c.,
SELBORNE,
High Commissioner.

Enclosure 1 in No. 1.

The Governor of the Cape to the High Commissioner.

Government House, Cape Town,
November 29, 1906.

My Lord,

I transmit, for Your Excellency's consideration, a minute which I have received from Ministers, in which they express their desire and hope that, in your capacity of High Commissioner for South Africa, your Lordship will undertake to review the situation in South Africa in such a manner that the public may be informed as to the general position of affairs throughout the country. Ministers state that their

object in urging this course is that they consider it due to the people of South Africa that they should have a timely opportunity of expressing their voice upon the desirability, and, if acknowledged, the best means, of bringing about a central national Government embracing all the Colonies and Protectorates under British South African administration.

2. Ministers draw attention to the multiplicity of questions which arise for settlement, and cannot be settled except with the concurrence of one or more of the other South African Governments. The discussion of these points has, in almost every case, absorbed an undue proportion of the time and energy of the Administration, and it has proved impossible to arrive at any complete and lasting settlement of some of the more important questions. Ministers refer to the consequent retardation of the development of the country generally; the friction which has at times existed, and in their opinion must constantly occur, so long as the present conditions remain unaltered; its bad effect upon the good relations of the various South African communities; and its tendency to excite a feeling of mutual distrust. They attribute this state of affairs to the inadequacy of the present system of administration to meet the increasingly complex conditions of the country, and point out that questions of this nature should be capable of settlement by some duly constituted South African authority, responsible to all parties in the country.

3. I venture to recommend the suggestions of

Ministers to Your Excellency's earnest and favourable consideration.

I have, &c.,
WALTER HELY-HUTCHINSON.

The Right Honourable
The Earl of Selborne, G.C.M.G.,
&c., &c., &c.

(No. 1/816.)
(Minute.)

Prime Minister's Office, Cape Town,
November 28, 1906.

In view of the Conference on railway matters to be held between the various Governments of South Africa within the next 12 months, Ministers have the honour to inform His Excellency the Governor that, in their opinion, any serious attempt on the part of the several British Colonies to accomplish a settlement of this question brings them to the border line of the larger question of political unification or federation, a subject which has engaged the earnest consideration of this Government, and, they are happy to think, is receiving increasing attention on the part of the people of South Africa.

Speaking from the experience of the past three years, which covers a period unique in the history of South African administration, owing to the extension of British authority to the two central Colonies, Ministers are impressed by the number of matters affecting the interests of the Colonies which could not be settled by them, except with the concurrence

of one or more of the other South African Governments. The discussion of such points has, in almost every case, absorbed an undue proportion of the time and energy of the Administration, while it has proved impossible to arrive at any complete and lasting settlement of some of the more important questions. The absence of an authority competent to dispose of questions in which two or more Colonies are involved and the time which the several Governments waste in attempting to negotiate settlements is, in their opinion, operating to retard the free development of the country generally. The state of friction which has at times existed, and in their opinion must constantly recur, so long as the present conditions remain unaltered, impairs the good relations of the various South African communities and tends to excite a feeling of mutual distrust, which renders increasingly difficult the settlement of disputes between them. This state of affairs they attribute to the inadequacy of the present system of administration to meet the increasingly complex conditions of the country, which should be capable of settlement by some duly constituted South African authority responsible to all parties in the country.

Ministers doubt whether any solution of the railway problem which may be suggested at the forthcoming Conference can be final or effective unless it is based on a re-consideration of the system of administration now existing in South Africa. They can only state the position as it appears from the point of view of the people of Cape Colony. Other

Governments are similarly limited to the point of view of the respective Colonies they represent. The fact that so many questions have to be settled by negotiations between the various Governments has in many cases rendered it impossible to make information on these matters public. For these reasons, Ministers feel that the present situation is such as to render it difficult for the people of the various communities to understand the present situation of affairs or to view problems common to all the States as a whole.

Ministers recommend, therefore, that the Governor be pleased to submit these representations to Lord Selborne, with an expression of their desire and hope that, in his capacity of High Commissioner for South Africa, he will undertake to review the situation in such a manner that the public may be informed as to the general position of affairs throughout the country. Their object in urging this course being that they consider it due to the people of South Africa that they should have a timely opportunity of expressing a voice upon the desirability, and, if acknowledged, the best means, of bringing about a central national Government embracing all the Colonies and Protectorates under British South African administration.

L. S. Jameson.

Enclosure 2 in No. 1.

HIGH COMMISSIONER to GOVERNOR OF THE CAPE.

High Commissioner's Office, Johannesburg,
January 7, 1907.

SIR,

ON the receipt of your despatch of the 29th November, I communicated it, with the enclosed minute from your Ministers, to the Governments of the other British Colonies in South Africa. I enclose copies of my communication to the other Governments, and of the despatches received from them in reply. For convenience of reference, I also attach a copy of your original despatch.

To Governor, Natal, &c., December 21, 1906.
Governor, Natal, December 29.
Acting Lieutenant-Governor, Transvaal, December 27.
Lieutenant-Governor, Orange River Colony, December 24.
Administrator, Southern Rhodesia, December 29.

To review the present situation in South Africa in such a manner that the public may be informed as to the general position of affairs throughout the country is a task which I should never have undertaken had I not been requested to do so by those who have a right to demand my services—the Ministers of the responsible governing Colonies of Cape Colony and Natal. It is my dearest conviction that no healthy movement towards federation can emanate from any authority other than the people of South Africa themselves; but, when I am called upon by those occupying the most representative and responsible

positions in the country to furnish such material as is in my possession, for the information of the people of South Africa, it is clearly my duty to comply with the request.

The people of Cape Colony are, in respect of the strictly internal affairs of Cape Colony, in the enjoyment of as complete self-government as any free people in the world. This is equally true of the people of Natal, and will presently be equally true of the people of the Transvaal and of the Orange River Colony, in each case in respect of the strictly internal affairs of their Colony. But in respect of the strictly internal affairs of South Africa, the people of South Africa are not self-governing. They are not self-governing in respect of South African affairs because they have no South African Government with which to govern.

In the nature of things, constant divergences of opinion and of interest arise between the Governments of the Cape Colony, of Natal, of the Orange River Colony, and of the Transvaal. How can those divergences of opinion and of interest be settled? At present they are settled through the High Commissioner, not, of course, by the High Commissioner. He simply represents the central organisation in which the divergences of opinion or of interest are focussed, and he acts as the servant of the different Colonies in endeavouring to facilitate arrangements and accommodations among themselves. The High Commissioner, however, is not an independent authority. His action is subject to the control of

the Secretary of State for the Colonies in Westminster, who, in his turn, is a member of a Government subject to the control of the Imperial Parliament. As things, therefore, are at present, in extreme cases of divergence of opinion or interest between the British South African Colonies, even in respect of affairs which are strictly the internal affairs of South Africa, the ultimate authority is the Imperial Parliament at Westminster.

It is as a remedy to this system that the minds of men in South Africa are turning to some form of union between the British South African Colonies. True it is that there is another alternative; but it is one which has only to be cited to be rejected. Those Colonies might develop into States as independent of each other as the States of Europe, which, in case of acute divergences of opinion or of interest, have but two methods of settlement open to them—arbitration or the sword.

Three choices, therefore, lie before the people of South Africa, the make-shift régime of the High Commissioner, the jarring separatism of the States of South America, the noble union of the States of North America.

Of all the questions fruitful in divergence of opinion or of interest to the Colonies of South Africa, there is none so pregnant with danger as the railway question. It is not an exaggeration to say that a field more thickly sown with the seed of future quarrel and strife than the railway systems of South Africa does not exist. As long as the Governments of the five

British Colonies in South Africa are wholly separated from, and independent of, each other, their railway interests are not only distinct but absolutely incompatible. There is a competitive struggle between the ports of Cape Colony and of Natal to snatch from each other every ton of goods which can be snatched. The Orange River Colony desires as many tons of goods as possible to be passed to the Transvaal through its territory, but it is to the interest of Cape Colony that no such tons of goods should pass into the Transvaal through the Orange River Colony. On every ton which, on its way to the Transvaal, passes into the Orange River Colony at Norval's Pont, the Cape Colony loses revenue compared with what she would receive if it passed into the Transvaal by the Kimberley–Fourteen Streams–Klerksdorp line. In the same way it is to the interest of Natal to pass the goods consigned to the Transvaal from Durban into the Transvaal at Volksrust, and not at Vereeniging through the Orange River Colony. Thus the interests of Cape Colony, of Natal, and of the Orange River Colony conflict the one with the other. But when it comes to considering the railway interests of the Transvaal, then it will be found that the interest of the Transvaal is diametrically opposed to the interests of Cape Colony, of Natal, and of the Orange River Colony. The Transvaal loses revenue on every ton of goods which enter the Transvaal by any other route than that from Delagoa Bay. This has been so from the day when that line was opened to Pretoria. It was this fact which made President Kruger close

the drifts in 1895. And the position to-day is exactly what the position was then. If the Transvaal were as indifferent to the welfare of the three sister Colonies as every State in Europe is to the welfare of every other State, the Transvaal would see that all the trade to the Transvaal came exclusively through Delagoa Bay. And what then would be the position of the railways and the finances of the three sister Colonies and of the ports of Cape Colony and of Natal?

This divergence, this conflict of railway interests, this cloud of future strife, would vanish like a foul mist before the sun of South African Federation, but no other force can dissipate it. There would no longer be a conflict of interests between the railway systems of Natal, of Cape Colony, and of the Orange River Colony. Nor would it any longer be to the interest of the Transvaal to lean exclusively towards Delagoa Bay. The wealth of the Transvaal would be used, not in enriching a foreign port and a foreign country, but in building up a great white population in the British ports of British South Africa with interests identical with her own.

If the possibility of railway rates being made a weapon of international strife is a danger, what would be the danger of Customs war between the British South African Colonies? Imagine each of them with a separate tariff framed expressly with the object of fostering the trade of one Colony to the detriment of the trade of its neighbour! Imagine each Colony ringed round with a barrier of internal Customs Houses! The result would be the

destruction of commercial stability, the stagnation of industrial enterprise, the creation of a permanent depression. The sun of progress would go back ten degrees on the dial of South Africa. She would revert, and revert deliberately, to the helpless impotence for national advance to which the 13 States of America were condemned before the Union, and the Kingdoms, Duchies, and Principalities of Germany before the creation of the German Empire. What a prospect of mutual heartburning and bitterness does not the contemplation of such a catastrophe present! Yet the danger will be imminent unless the Colonies take another step forward towards Union. Can they stand still on the compromise embodied in the present Customs Convention? That Convention does not represent a South African Customs policy; it is a compromise between five Colonial Customs policies, almost universally disliked, tolerated only because men shrink aghast from the consequences of a disruption of the Convention. The only path of safety is a forward path to a South African tariff, based on the deliberate policy of the South African people, affording permanent free trade to all South Africans within South Africa, offering a stable basis of investment to industry and commerce.

There are five systems of law and five organisations for defence. The expense is at the maximum; the return is at the minimum. South Africans of every Colony are justly proud of their system of jurisprudence, and the standard of the Magistracy and of the Bench is second to none in the Empire. But

there is no South African Court of Appeal, and so no harmonising co-ordination of all South African Law. In default of such a Court of Appeal, the tendency must be towards discordance of legal interpretation with added obstacles and instability to industry and commerce. The Police, Militia, and Volunteers of South Africa are renowned for their efficiency. In the aggregate they represent a formidable power, but, if a crisis were to arise, there is no machinery whatever for applying that power instantly, and in overwhelming force at the point of danger.

The two great industries of South Africa are agriculture and the mines. In respect of both alike, South Africa is unable to apply all her resources to their development. No race of farmers in the world have more natural difficulties to contend with than those of South Africa. Scab, rinderpest, East African coast fever, locusts, are each in their degree a constant menace to the farmer. The plagues of nature know no artificial boundaries between Colonies, and are impartial in their visitations; the farmers, however, in their warfare against these plagues, are heavily handicapped by the multiplicity of authorities. In respect of the diseases of animals, five Agricultural Departments formulate their own systems of prevention, and each co-operates with the corresponding Department of the other Colonies on the basis only of mutual good sense and feeling. Any misunderstanding which resulted in want of co-operation might result in a new disease being let loose on a

Colony. Imagine the despair of the farmer in the Transvaal, who has successfully destroyed each swarm of locusts that has hatched upon his farm, when he sees fresh swarms of locusts appearing from a neighbouring Colony where the same process of destruction has not been accomplished. Or is it wonderful that the farmers of the Transvaal, of the Orange River Colony, and of Cape Colony alike say 'What is the use of our destroying all the swarms of locusts which are hatched upon our farms when countless myriads, which have been hatched in the Bechuanaland Protectorate, are sure to invade them?' If one South African authority, exercising undisputed powers from the Cape of Good Hope to the Zambesi, were to carry out one consistent policy in support of the farmers, it is probable that, within a few years, not only would dread pests like the East African coast fever have disappeared, but scab might become rare among South African sheep, and the scourge of locusts might have passed into the record of a bad dream.

The prosperity of the mining industry, as of agriculture, depends on an adequate supply of competent labour. There is a large supply of labour in South Africa, though to what extent it is willing to work is not yet finally ascertained. What is certain is that in many cases the demand for labour is situated in one Colony and the supply, which might fulfil that demand, is situated in another. Any attempt to bring the supply and the demand together can only be made by private individuals who are hampered

by the existence of different laws regulating labour questions in the Colony of the demand and the Colony of the supply. What proportion the real supply bears to the demand can never be known until there is one authority in South Africa charged with the task of regulating the labour supply as a whole.

But there are questions even more important than these, which, if not settled by the people of South Africa, can only drift to a future fraught with danger for their children. What is going to be the policy of South Africa in respect of the immigration of Asiatics? What is going to be the policy of South Africa towards the coloured people? What towards the natives? Those questions are not for me to answer. They can be answered only by the people of South Africa. But I can point out to the people of South Africa that at the present moment they are not answering those questions at all. In respect of each branch of these great human problems, the policy of each Colony differs from that of the other. These human beings are not pawns, and, whatever their stage of civilisation, they will think and feel as human beings. How is it possible that either of these three great classes should be permanently contented with the institutions under which they live when those institutions are to them increasingly unintelligible? They know that each of the Colonies in which they live owns allegiance to one King; they know that the white men regard South Africa as one country; but yet, every time one of them passes the unseen boundaries which divide one

Colony from another, he finds himself subjected to different treatment, he finds that he is expected to conform to a different set of rules. In his own mind he forms an opinion as to which conditions are most favourable to him and to his friends, and wherever he finds other conditions prevailing, there he becomes increasingly discontented. It cannot be wise that in one part of the common country Asiatics should be admitted into it on different terms, and under different conditions, from those which prevail in other parts. It cannot make for the permanent contentment of the Asiatic immigrant if, once he has been admitted, he finds himself subjected to these divergent and contradictory rules.

The coloured man is a son of the soil. In varying degrees he possesses white blood. He is permanently conscious of the fact that the infusion of that blood differentiates him completely from the natives who surround him. He feels that he has a right to a definite place in the social structure of South Africa, and he is embittered by finding that no such place is accorded to him. He has a definite place in each Colony, but, as has already been stated, he is subjected to different rules in the different Colonies. South Africa, as such, does not recognise him. And he, who ought to be a permanent support to the influence of white rule, is tempted to turn his face backwards to a more sympathetic understanding with that native population from which he is, in so large a part, derived.

If this is the result on Asiatics with their old

civilisation, and on coloured people, some of whom have achieved the complete civilisation of white men, it must be equally true of the really educated natives, a very small body compared with the great mass of the South African natives, but a body which has every claim to intelligent consideration, and far more true must it be of that great mass of natives, not yet emerged, or only just emerging, from barbarism, or in every stage of intermediate development. There are many South Africans with a profound knowledge of the native character. As is natural, they contain among them men of many different opinions on the native question; but all agree in declaring that native policy, to be successful, must be consistent and continuous. Folly or injustice may or may not provoke disturbances; but doubt and change in respect of the conditions under which the native lives are almost certain to produce disturbances. All South Africans are agreed that the native question is at once the most important and the most profoundly difficult question which confronts themselves and their children; but, by the perpetuation of five or six totally different native administrations and policies, they are doing all that is in their power to make the question more grave and the problem more difficult.

What South Africa requires more than anything else is stability—stability in political conditions, stability in economic conditions, stability in industrial conditions. Stability alone will enable the farmer securely to reap where he has sown; stability alone

will give security to the investment of the merchant and the producer; stability alone will improve credit; stability alone will tempt the investor back to South Africa. But true stability will remain impossible so long as there are five separate governments in South Africa, each developing a different system in all branches of public life and each a potential antagonist of the other, but no one national government with authority to harmonise the whole.

It is the profound belief of every Cape Colonist that Cape Colony can only be wisely and successfully ruled by a Cape Colony Government chosen from the elected representatives of the people. What is true of the part is true of the whole—South Africa can only be wisely and successfully governed by a South African Government, responsible to a South African Parliament elected by the South African people.

The past of South Africa has been the sport of circumstances because no human authority has existed with both the opportunity and the responsibility of moulding those circumstances to a national purpose. The future of South Africa will be what South Africans deserve.

In order to fulfil to the best of my ability in the limited time at my disposal the request conveyed to me through you by your Ministers, I accepted the co-operation volunteered by some gentlemen who have devoted much study to the investigation of the causes of the difficulties which beset the British South African Administrations, and the memorandum which I enclose with this despatch and which is arranged on

the same general plan embodies the result of their labours. To this memorandum I would earnestly invite the attention of all those who feel the grave importance of this question and desire to master it in all its details.

To those who have helped me in this matter I herewith tender my grateful acknowledgments. I have personally edited their work and thrown it into the form of a memorandum of my own, for which I accept the entire responsibility; the credit, however, for the thought and work which this memorandum represents belongs to them.

I have, &c.,
SELBORNE,
High Commissioner.

His Excellency
The Governor of Cape Colony,
Cape Town.

Sub-Enclosure (1) in Enclosure 2.

High Commissioner's Office, Johannesburg,
December 21, 1906.

SIR,

I HAVE the honour to transmit to you a copy of a despatch from the Governor of Cape Colony, enclosing a minute from his Ministers, in which they call upon me, as High Commissioner, to review the general situation in South Africa, in such a manner as may enable the people of this country to appreciate the difficulties

29th November, 1906.

of administration under the present system and to consider whether, and, if so, by what means, it is advisable to establish a central national government embracing all the British Colonies and Protectorates.

2. I shall be glad to receive an expression of the views of the Natal Government in regard to the representations made in the Cape Ministers' Minute.

I have, &c.,

SELBORNE,

High Commissioner.

His Excellency
Sir Henry McCallum, G.C.M.G.,
&c., &c., &c.,
Governor of Natal.

Similar despatches addressed to the Lieutenant-Governors of the Transvaal and Orange River Colonies and the Administrator of Southern Rhodesia.

Sub-Enclosure (2) in Enclosure 2.

Government House, Pietermaritzburg,
Natal,
December 29, 1906.

MY LORD,

WITH reference to your despatch of the 21st instant, transmitting copy of correspondence with the Government of the Cape Colony regarding the desirability of political and administrative unification or federation of the British South African Colonies, I have the honour to inform you that my Ministers concur in the recommendation of Cape Ministers as

contained in the last paragraph of Dr. Jameson's Minute of the 28th November.

I have, &c.,
HENRY MCCALLUM.

His Excellency
The High Commissioner for South Africa,
&c., &c., &c.

Sub-Enclosure (3) in Enclosure 2.
Lieutenant-Governor's Office,
Pretoria,
December 27, 1906.

YOUR EXCELLENCY,

I HAVE the honour to acknowledge the receipt of Your Excellency's despatch of the 21st December and to forward, for your information, the following resolution passed by the Executive Council, in regard to the representations made by the Government of the Cape of Good Hope:

'Considered a minute from the Governor of the Cape of Good Hope, transmitted through the High Commissioner, on the question of inter-Colonial relations.

'Resolved that a reply be sent to His Excellency the High Commissioner in the following terms:

'This Government willingly associates itself with the views expressed by the Government of the Cape of Good Hope in their minute to the Governor, No. 1/816, of 28th November. The experience of past Conferences in regard to railway questions and other matters affecting the inter-Colonial relations

has demonstrated beyond doubt that no permanent solution of these questions can be reached by such means, and, indeed, every such Conference leaves behind it an undiminished number of sources of disagreement and friction.

'As regards other questions of South African interest, Council is aware that opinions have been expressed that the Transvaal should not enter into practical consideration of the question of union with other South African Colonies till some settlement of these questions has been reached inside its own borders. Council, however, while fully realising that on an issue of such importance, they cannot pledge or even speak for the new Government which is about to be established in the Colony, think themselves entitled to express the opinion which they have formed on their own experience of administering the affairs of the Colony, viz., that no permanent settlement can be reached by this Colony alone of questions (such as, *e.g.*, the question of native policy) which are in reality common to the whole of South Africa, and that until some Constitutional machinery has been created by which the people of South Africa as a whole can deal with questions vitally affecting their common interests, it is useless for any one Colony to attempt to solve them inside its own borders.

'A settlement of the railway difficulties referred to by the Cape Ministers is urgent and cannot be delayed. Other questions may cause less immediate and visible friction, but delay in settling

them on a South African basis is none the less dangerous. Council, therefore, desire to unite with the Cape Government in asking His Excellency the High Commissioner for an expression of his views in regard to the causes and consequences of the present position of the British South African Colonies in relation to each other, so that the people in whose hands any attempt to find a remedy must lie may have before them a statement of the case from the only authority in South Africa which can claim to stand impartially outside the different political members into which it is at present divided.'

I have, &c.,
P. DUNCAN,
Acting Lieutenant-Governor.

Sub-Enclosure (4) in Enclosure 2.
Lieutenant-Governor's Office,
Bloemfontein,
Orange River Colony,
December 24, 1906.

MY LORD,

I HAVE the honour to acknowledge the receipt of Your Excellency's despatch of the 21st instant, transmitting, for the consideration of this Government copy of a despatch from the Governor of Cape Colony covering a minute from his Ministers suggesting that your Lordship, in your capacity of High Commissioner, should undertake to review the situation of South Africa in such a manner that the public may

be informed as to the general position of affairs throughout the country in order that they may have an opportunity of expressing their voice upon the desirability and means of establishing a Central National Government embracing all the British South African Colonies and Protectorates.

2. The suggestion of the Cape Ministers has been considered by the members of this Government who, while entirely agreeing with them as to the existing unsatisfactory condition of inter-Colonial relationship, and the gravity of situations often created thereby and as to the necessity of bringing those facts now prominently to the attention of the people of the various communities of South Africa, are of the opinion that Your Excellency, in deciding how far the suggestion of the Cape Ministers can be given effect to by yourself, should principally be guided in the present circumstances by the views of those Colonies in possession of full Responsible Government.

I have, &c.,

H. Goold-Adams,

Lieutenant-Governor.

His Excellency

The Earl of Selborne, P.C., G.C.M.G.,

&c., &c., &c.,

High Commissioner,

Johannesburg.

Sub-Enclosure (5) in Enclosure 2.

Administrator's Office, Salisbury,
December 29, 1906.

My Lord,

I have the honour to acknowledge the receipt of Your Excellency's despatch of the 21st instant, transmitting a copy of a despatch from the Governor of the Cape Colony, covering a minute from the Cape Ministers advocating the adoption of measures to bring before the people of South Africa the question of the establishment of a Central National Government embracing all the British Colonies and Protectorates in South Africa.

In reply, I have the honour to inform Your Excellency that this Administration is unable at this stage to commit itself to any conclusive opinion upon the main question, which would involve issues of considerable intricacy. It desires, however, to express its full concurrence in the request of the Cape Government that Your Excellency should undertake the task of reviewing the situation generally, in order that the people of the country may be informed as to the general position in South Africa.

I have, &c.,
W. H. Milton,
Administrator.

His Excellency,
The High Commissioner,
The Right Honourable
The Earl of Selborne, G.C.M.G.,
&c., &c., &c.,
Johannesburg.

Sub-Enclosure (7) in Enclosure 2.

A Review of the Present Mutual Relations of the British South African Colonies.

Part I.

Historical Cause of South African Disunion.

No one part of British South Africa is separated from the rest by any great physical barrier. The white population includes two principal races, but all South African States, even Natal and the Orange River Colony, contain a strong infusion of both. When these conditions are compared with those which exist in the United Kingdom and in Canada, it will be seen that too much stress can easily be laid on the division of race and language which separates the British and Dutch in South Africa. The fact that the Irish and French are concentrated in regions apart, the Irish on an island, the French Canadians in the Province of Quebec, checks in those countries that process of fusion which can only be artificially arrested in South Africa. Of the five principal partners in the confederacy of the British Empire, South Africa has in this respect an advantage over the United Kingdom and Canada, though not over Australia and New Zealand. Where two nationalities both Teutonic in origin are so generally mixed together throughout the sub-continent as are the British and the Dutch, in spite of a tendency on the part of the one race to settle in towns and on the part of the other to cling to the country, the fusion

between them is merely a matter of time, as it was with the Saxons and Normans, who were related to one another in a similar degree of kinship. How it was that South Africa in the face of natural conditions all pointing to the growth of one nation, came to be parcelled out among five or six separate Governments is a question to which the division of race provides no answer.

To find an explanation it must be remembered that Europe is the centre from which commerce and colonisation have spread for the last four hundred years, and that America, India, and Australia were from the first possessions to be desired in themselves, either for the sake of the wealth they contained or as homes for new European communities. By turning to the map of the British Empire* it will be seen that all these countries were the final destination of trade routes. Each of them was from the first moment of its connection with England an end and object in itself. South Africa, on the other hand, was, for many years after its discovery, of interest to Europe merely as the half-way house on the great sea road between the western and eastern halves of the world. The first European race to establish a regular trade with the East was the Portuguese. The names 'Algoa Bay' and 'Delagoa Bay' record the fact that they occupied these ports not as possessions valuable in themselves, but as stepping-stones on the journey to and from Goa. This was in the 15th Century, and Portugal's interest in the East was soon

* Appendix A, 1.

overshadowed by that of the Dutch East India Company, which established itself at Cape Town in 1652. It is true that the Cape Peninsula was colonised at the instance of the Company by a few hundred Dutch families, to whom the Huguenots afterwards attached themselves, but the object sought by this measure was the production of such fresh provisions as were essential for a port of this nature at a time when ships spent long periods at sea without touching land, and also provision for the defence of the port of call. These families, however, soon took root in the soil, and it is to be noted that their first movement from the Cape Peninsula and the Hex River Valley inland as far as Swellendam and Graaff Reinet was prompted by anxiety to escape from the jurisdiction of the Dutch East India Company.

In the meantime British interests were fast overshadowing the interests of the Netherlands in India, so that the possession of the Cape Peninsula became a matter of the utmost importance to the British fleet. In the wars which followed the French Revolution, Cape Town was taken by the British, ceded, and taken again, and by the peace of 1815, which closed this period of storm, was formally purchased from Holland for £6,000,000. Here, again, the United Kingdom at the moment had no interest in the possession itself other than as a resting place for the fleets passing to and from India, Australia, and the whole East, whether in time of peace or war. The primary motive in colonising the Eastern Province in 1820 with settlers of British nationality was to estab-

lish a permanent outpost against the aggression of the native tribes.

The white inhabitants steadily increased and spread themselves far and wide. A European society had taken root in the soil of South Africa, regarding itself not as a stepping-stone to India, but as an end to be considered in itself, and expecting its over-sea rulers to regard it from that point of view. From that time onwards British statesmen regarded South Africa with a divided mind. To them she was first and foremost the key to the Eastern Empire; but she was also a country with political problems of her own, which claimed their attention and involved the United Kingdom from time to time in serious outlay on military expeditions. Had it not been for these interests in the East, it is likely that some of them would have wished to abandon South Africa. As it was, the most ardent opponents of Imperial expansion never dared to suggest that course, and a succession of Secretaries of State persisted in conscientious endeavours to hold the balance between the colonists and the natives to the satisfaction of both. A more invidious or difficult task can hardly be conceived. No doubt the difficulty was increased in some measure by the special circumstance that two white races had taken root in the country. But had there been no such difference, even if there had been no distinction in colour, had the people of South Africa been as purely British in descent as were the inhabitants of New England before the Rebellion, it would have been contrary to all experience gained elsewhere, if

the Imperial Government, any more than the Dutch East India Company, could have governed South Africa in accordance with her best interests or to the general contentment of her people without allowing them to regulate their own domestic affairs.

It is a modern axiom of British policy that any attempt to manage the domestic affairs of a white population by a continuous exercise of the direct authority of the Imperial Parliament, in which the people concerned are not represented, is, save under very special circumstances, a certain path to failure. This, like all great truths, immanent as the law of gravitation in the very nature of things, took long to discover. During the period between 1814 and 1830 the loss of the American Colonies was as yet fresh in the memory of the British people and colonial independence was regarded with suspicion and disfavour. Their attitude recalls the words of Brabantio to the daughter who had fled from his roof with Othello.

> 'I am glad at soul I have no other child:
> For thy escape would teach me tyranny,
> To hang clogs on them.'

Other children remained with the United Kingdom when the American Colonies left her. She did not tyrannise over them, but she clogged their privileges of self-government and denied them rights which the American Colonies before the Rebellion had evolved for themselves from the original charters of trade and colonisation granted to the companies who founded the settlements. It was due to such men as

Edward Gibbon Wakefield, Sir William Molesworth, Lord Durham, and Lord Elgin, and to their strenuous efforts that the danger of this course was realised in time to save the attachment of the Canadian Colonies to the Empire. No Government of a European Colony which does not derive its authority from representative institutions, however just and wise its policy may be, can assert without question that its acts commend themselves to a majority of the people concerned. Even if they do so in fact, they are not dictated by the decision of that majority. Every such act is to them a foundling rather than their child, and even where they accept and adopt it, they cannot regard it with enthusiasm as their own. They are not responsible for it in the first degree, and it does little to mould their actions and thoughts for the future. It lays no stone in the firm foundation of political creed which makes representative institutions, in so far as they are truly such, the most stable and continuous of all the forms of Government. On the other hand, persons dissatisfied with such acts are provoked to a hostility which seeks to change not merely the members or policy of the Government, but its very form. Its decisions can hope for nothing more than cold acceptance at the hands of one party, and bitter resentment in the hearts of the other. But apart from this they cannot be the outcome of a policy which remains continuous in matters fundamental to the national life. Laws and institutions, however fundamental, must of course be altered from time to time so as to agree with the slow but

continuous change ever taking place in the inward thoughts and outward conditions of the race. 'A froward retention of custom is a more turbulent thing than change itself.' But a change in laws or conditions which are fundamental to a community must not be arbitrary or spasmodic. The laws of England relating to land, marriage, and even the liberty of the subject, are continually modified by Parliament, but no Englishman expects to wake up one morning and find the law of inheritance cancelled, marriage dissoluble at the option of either party, or the Habeas Corpus Act repealed. The relations of the white man to the native, more especially in respect of the ownership of land, were fundamental to the pioneers of South African colonisation. But a Power, outside the country, and more especially a Power located 6,000 miles away, in the days when sailing ships were the only vehicles of information, could not in the nature of things realise what matters were fundamental to the people of a land living under conditions which have neither precedent nor parallel in Europe itself. A change seeming in London to involve no more than the drafting of a letter or the recall of an agent meant, when applied at the Cape, a complete reversal for whole classes of people in the essential conditions of their lives.

So long as the Imperial Government remained the immediate source of authority over the domestic affairs of South Africa, changes of this kind were liable to happen in at least three ways. The views of the Government might change and often were changed

by well-intentioned men who imagined the colonist to be only an invader and spoiler of the natural heritage of the native. Secondly, so long as the Governor was the actual as well as the formal agent of government in the colony, a change of person often meant a change of policy far more radical than that which the ordinary swing of the pendulum at a popular election can produce. Lastly, the Imperial Government itself might be changed by issues which seldom if ever referred to any questions at stake in the Colony itself, such issues as brought Lord Glenelg to office and undid the work of Sir Benjamin D'Urban.*

The Government of Cape Colony was affected by all these influences, and as a result its inhabitants were no more patient of Imperial control than their forefathers had been of the Dutch East India Company. The causes at the root of their discontent are not to be sought in any special failing on the part of either of these two very different authorities, but in the fact that both were endeavouring to carry out the same task under the same impossible conditions. Just as the first settlers withdrew to Swellendam and Graaff Reinet, beyond the existing frontier of the Dutch East India Company's territory, so did their

* See *Lord Durham's Report on Canada*, p. 137. Hitherto the course of policy adopted by the English Government towards this Colony has had reference to the state of parties in England, instead of the wants and circumstances of the province; neither party (in Canada) could calculate on a successful result to their struggles for any particular object, because though they might be able to estimate accurately enough their strength in the Colony, they could not tell how soon some hidden spring might be put in motion in the Colonial Office in England, which would defeat their best laid plans, and render utterly unavailing whole years of patient effort.

descendants, in the first half of the 19th Century, indignantly retire behind the Orange River and even behind the Vaal and Tugela, anxious only to escape a Government whose sympathies were poles asunder from any notions of their own. Scorning its protection, they looked rather to distance and the danger of the wilderness to stand between them and conditions which they regarded as intolerable.

It can scarcely be doubted that if the inhabitants of Cape Colony had been consulted in the management of their own affairs, and invited to co-operate in the task of abolishing slavery, a matter affecting not merely the British Empire, but the civilised world, this passion to escape from Government control would never have possessed them, and there would be but one government and one South African nationality in British South Africa at the present time. Territories which are now separate States would have become no more than provinces with such administrations of their own as were required for local purposes; the footing of the British fleet would have been secured not less but more firmly than it is to-day, and from the Zambesi to the Cape of Good Hope all citizens of South Africa would have been ardent in their zeal for an Empire which would have secured their coasts from invasion, and enabled them to establish and develop their own distinctive nationality free from interference from without.

Such a Government might not perhaps in the early days have been in all respects so enlightened or efficient as the administration appointed by the

British Cabinet, but its native instincts would have more than made up for defects of education or knowledge. No amount of political experience and training could have made British rulers, whose eyes were riveted on Europe and the East, view the internal and domestic interests of South Africa correctly. Statesmen whose lot was cast with the future of the country itself would have judged better by mere intuition, and the people would have valued their government as a thing native to the soil. As the settlers of the old Colony increased, the surplus population must still have migrated to the north. Such a movement was as natural as the swarming of bees from a hive, and Lord Glenelg, by his action, merely hastened an event which must have happened sooner or later. But like the pioneers who were moving at the same period inland from the United States and in Canada they would have set out with no sense of resentment towards the authority under which they had lived, with no deep and abiding suspicion of all authority whatever, but desiring to carry it with them as their inheritance wherever they went. The inland States would have been established, not as separate sovereignties, but as Manitoba was established by the Canadian pioneers as a new province with representatives of its own in the parliament of the Canadian Dominion and under the sovereignty of the Queen, so would have been the spirit of their movement. In all likelihood the Orange and Vaal Rivers and the Drakensberg range would have been taken as convenient lines on the

map for the boundaries of provinces. But it is scarcely conceivable that those lines would have been erected as the frontiers of independent sovereignties, within which separate States were to grow up, subject to no South African tribunal competent to decide their disputes and enforce amongst them a law common to all, recognised by all, and founded on the will of the whole people of South Africa—States which were therefore destined to submit their disputes like hostile nations to the judgment of war.

The desire of the emigrants, or of a great part of them, to cut themselves off from the society they left behind them, was the first condition which made it possible for the inland States to be separated politically from the coast Colonies. That such a condition could exist at all was directly due to the practice of attempting to rule South Africa from London. This strange desire for separation from their own kindred was more unnatural than it would have been in the case of the United States or Canada, where the native races melted away before the approach of civilisation. In South Africa the settlers found themselves faced by a native population not so numerous as the native population of India, but still firmly established, and such as the whites might dominate by their higher intelligence, but could not hope to displace by superior numbers. Had the Imperial Government felt able to impose upon South Africa all the responsibilities together with all the privileges of self-government before the period of inland migration set in, the people of South Africa

would have been held together by the necessities of their common defence.

In those days the whites were fewer in proportion to the natives than they are to-day, and the idea of separation into independent groups would never have been allowed or even entertained, had they not been taught to rely on British armies instead of upon themselves for protection. As it was, this responsibility was retained by the British Government, to whom South Africa was a part of the Indian question, and they viewed it in much the same light as they regarded the problems of the North-Western Frontier. While they accepted to the full the responsibility for protecting life and property so far as territories already settled were concerned, they shrank from any step which might tend to increase the cost involved. The question ever before their mind was how to restrict their liabilities, and not how a nation was to be founded in South Africa; how the race was to be fitted to the country; and how the country was to be fitted to the race. The fact which impressed itself most vividly on Colonial Secretaries in Whitehall was the pressure of the Treasury and of the War Office, and inevitably they inclined to the plan of leaving to pioneers the duty of their own protection so far as seemed compatible with the general peace of the country. Here was a second cause which led to the separation of the inland States. Not only did the emigrants wish to escape the rule of the Cape Government, but the Imperial power which controlled that Government wished to escape responsibility for

their protection, and to establish them like Afghanistan, as independent buffer States. This cause of separation, like the other, had its origin in the fact that the domestic affairs of South Africa were subject to external control.

A third cause was operating in the same direction. Influential statesmen in the earlier part of the last century regarded the separation of the Colonies, inhabited by white settlers, from the British dominions less as a catastrophe to be feared than as an object to be promoted as rapidly as the growing strength of each Colony allowed. To encourage the Colonies to do, without bitterness, what the American Colonies had done as an act of hostility was the deliberate aim of the Manchester School which dominated British policy for some fifty years. No one proposed to abandon the Cape itself, which was of such importance to the trade and Empire of the East, but to convert the northern extensions of South African colonisation into independent States was an obvious and direct development of the policy of that school of statesmen.* Here, again, was a cause at work which would never have operated had the people of South Africa deliberately been given a controlling influence in the growth of their own country.

These reasons, then, all having their origin in one

* See *Life of James Eighth Earl of Elgin*, by Theodore Walrond, C.B., p. 111 : 'Lord Elgin was dismayed to find . . . that there had arisen, a school of philosophic statesmen . . . according to whom it was to be expected and desired that every Colony enjoying Constitutional Government should aim at emancipating itself entirely from allegiance to the mother country, and forming itself into an independent Republic ; with such views he had no sympathy.'

and the same cause, were operating to induce the Imperial Government to set limits to the expansion of Cape Colony, and to encourage the growth of independent States on her frontiers. Circumstances over which they had no control had gradually drawn them to extend their effective authority hundreds of miles inland as far as the Orange River. The Orange River was in no sense a natural boundary ; it forms no serious obstacle to communication. But it was a line on the map, and the Imperial Government thought that their responsibilities might be limited there. They watched the northward migration of the voortrekkers almost impassively, and for at least ten years made no attempt to follow them into the wilderness. It was not, however, very long before the essential unity of the country refused to be ignored. Disorders between the natives and the voortrekkers soon began to menace the safety and peace of territories where the responsibility of the Imperial Government could not be denied, and in 1848 the Imperial Government extended the British frontier some hundreds of miles north to the Vaal River, another line on the map, and no more a true physical division than the Orange River. The new territory was incorporated as the Orange River Sovereignty under the authority of the Governor of the Cape Colony.

In the course of the next six years, the Imperial Government persuaded itself that the settlers of the Orange River Sovereignty were strong enough to hold in check the native tribes in such a manner as

not to imperil the peace of all South Africa. The area was contiguous to the territory of Cape Colony, and divided from it by no real physical barrier. It was inhabited by a population similar in their interests, and in the conditions and manner of their life, and closely united in blood relationship, to the inhabitants south of the Orange River. In the teeth of protests from a large proportion of this population, the territory between the two rivers was created as a separate unit of government in South Africa.

The same causes led to the same result in Natal, except that in this case the territory was never erected on a footing independent of British sovereignty. As Natal was accessible from the coast, a number of British settlers occupied the country, large enough to make it impossible even for the most ardent opponent of Colonial expansion to encourage the establishment of a sovereignty independent of the British Crown. At first the territory of Natal was annexed to Cape Colony, but in 1845 it was erected as a separate Government, within the British dominions.

In the meantime a number of settlers had established themselves in three or four different communities north of the Vaal River, and the Imperial Government, anxious to do anything rather than extend their South African responsibilities, adopted towards them the attitude which they had adopted towards the settlers north of the Orange River previous to the disturbances of 1848. In 1858 these various communities united under the name of the

South African Republic, and a fourth unit of Government was established in South Africa. Here, again, history repeated itself. In 1876 and 1877 the Republic, having engaged in an inconclusive war with Sekukuni, was reduced to disorder and insolvency. It is not proposed to discuss the question of the motives which led politicians and others to urge the annexation of the Transvaal, but whether it was the fear of native wars which might disturb the peace of all South Africa, whether it was the fear that the Transvaal trade might be diverted from the coast Colonies by a railway to Delagoa Bay, whether it was Lord Carnarvon's anxiety to accomplish South African federation, or whether all these reasons operated together, the fact remains that the country was annexed to the British Crown in 1877. The annexation, however, was resented by a great number of the people, who ultimately rose against the new Government, and maintained their independence by several military successes against the British troops. In the meantime political changes at home brought back to power a Government with a different policy, and the territory between the Vaal and the Limpopo was re-established in 1881 as a Republic with a very large measure of independence. The feature of this transaction which fundamentally affected South Africa was this, that a second State was created which could think, feel, and act as though it were foreign to, and independent of, all the rest. Men born in Cape Colony who settled in that State, on arrival found that as regards political status and the

rights of citizenship, they were, in the eyes of the law, as much aliens as if they had been the subjects of Germany, Russia, or Portugal.

Meanwhile Sir George Grey, an Englishman to whose memory every South African, to whatever race or party he may belong, looks back with affection and reverence, had seen long before what evil consequences this unnatural erection of separate governments beyond the Orange River boded to the future of South Africa. Writing in March, 1857, he advised Sir E. B. Lytton that 'by a Federal Union alone, the South African Colonies can be made so strong and so united in policy and action that they can support themselves against the native tribes'; and on November 19th, 1858, he pointed out that the Dutch population in South Africa was of one stock, and there could be 'no doubt that in any great public, popular, or national question or movement, the mere fact of calling these people different nations would not make them so, nor would the fact of a mere fordable stream running between them sever their sympathies, or prevent them from acting in unison'. When the circumstances are considered which led to the northward movement of the voortrekkers across the Orange River, the unhesitating confidence which the burghers of the Orange Free State reposed in the wisdom of this great man does equal honour to themselves and to him. In 1858 the following resolution, which speaks for itself, was passed by the Volksraad of the Orange Free State:

'That the Raad feels itself in union with a large number

of burghers who have already approached the Council by memorial, convinced that a union or alliance with the Cape Colony, either on a plan of federation or otherwise, is desirable, and resolves that His Honour the President be requested to correspond with His Excellency the Governor on that subject, in order thus to ascertain whether the Cape Parliament will declare itself inclined for such a union, and whether the Colonial Government would receive a Commission from the State, if possible at one of the towns of the Eastern Province, who, together with that Government, or with a Commission to be appointed by it, shall draft the preliminary terms of such a union, to be submitted for the approval of both Governments.'

This resolution was submitted to the Legislature of Cape Colony by Sir George Grey, but before any further steps could be taken, the movement for union was crushed by Sir E. B. Lytton, who informed Sir George Grey that

'Her Majesty's Government were not prepared to depart from the settled policy of their predecessors by advising the resumption of British sovereignty in any shape over the Orange Free State.'

Here we see South Africa herself, on her own motion, or, at any rate, upon the motion of a British Governor whom she implicitly trusted, attempting to scotch the mischief of disunion, before the establishment of separate governments had made its full effects felt, and the Imperial Government refusing to sanction the union. Had that union been effected, the Transvaal must rapidly have been drawn into it, and in the fullness of time Natal would have entered the federation. As it was, the four territories were left under separate governments with the inevitable result that different policies, different laws, and

different traditions, peculiar to each, sprang up, like walls of a partition, where nature had built no such walls, to divide the one from the other. All the conditions of the country and the necessities of its people pointed to the building up of one nation, but the political arrangements forced upon her were such as to school South Africans to act, think, and feel as though they were destined to be four.

A series of events elsewhere led to the next revival of the question of union in South Africa. Similar divisions between the Canadian provinces had reached the acute stage. They had for more than twenty years been severally endowed with responsible institutions, in accordance with the recommendation of Lord Durham's report, but it soon became clear that provincial autonomy was a different thing from national self-government. The Canadian Colonies found themselves in perpetual conflict with one another. The questions most vital to the country were not internal to the various provinces, but affected the relation of one province to another, and the Colonies, though self-governing, found that in practice such questions had to be referred for settlement to the Secretary of State. They found that self-government, in the full sense, enabling them to deal with the most important matters, was in practice impossible, however anxious the Imperial Government might be to confer it upon them, until they themselves had established a Canadian Government for the settlement of Canadian questions. So unbearable did the situation grow that all parties and

nationalities agreed to sink their minor differences for the time being, and to unite their forces for the attainment of the one reform which must necessarily precede a settlement, and even the profitable discussion, of any of the lesser issues, which were at that time distracting the country. Within less than three years from the commencement of the movement, Canada achieved a scheme of union which has proved so far to be one of the most successful, if not the most successful, federation which the world has ever seen. Lord Carnarvon presided over the deliberations of the conference which completed this great work. He saw that South Africa was suffering from the same evils as Canada, but he failed to carry the parallel far enough, or to apprehend that union must be achieved by South Africa on her own motion, as it had been achieved by Canada, and as South Africa herself would, in all probability, have achieved it, had she been left to the wise and beneficent guidance of Sir George Grey. In 1876 Lord Carnarvon attempted to force upon her the gift of union which his predecessor in 1859 had withheld.

The matter was managed so as to fail to secure the support of popular opinion in Cape Colony; the Cape Ministry declined to take part in any conference on the subject, and finally in 1876 Lord Carnarvon induced the Imperial Parliament to pass an Act enabling the various Governments in South Africa to unite in one confederation whenever they saw fit to do so. The Act was closely modelled on the previous Act providing for the union of Canada in

one Dominion. This Act cannot be said to be in all respects adapted to the conditions of the country to which it was intended to apply. It was certainly not such a measure as the States concerned would themselves have produced in conference. But apart from this, it was, as has been said before, put forward in such a way as might have rendered even a popular measure unacceptable to the people of this country, and no attempt was made on their part to avail themselves of its provisions. It expired in accordance with its own terms in 1882.

The purpose of this historical sketch will have been achieved if I succeed by it in inducing South Africans to believe that, if in the years to come they have not the same privilege of managing the strictly internal affairs of South Africa as Canadians and Australians have of managing the strictly internal affairs of Canada and Australia, they will have no one to thank or blame but themselves. By some form of South African union evolved and adopted by themselves, they can secure the same independence in their internal affairs within the British Empire as the people of the United Kingdom, of Canada, and of Australia enjoy. In respect of the strictly internal affairs of Cape Colony, of Natal, of the Orange River Colony, and of the Transvaal, the peoples of these Colonies enjoy this very independence, or will shortly enjoy it, by the possession of the right of self-government within the boundaries of those Colonies. But independence in respect of the strictly internal affairs of each Colony does not carry with it indepen-

dence in respect of the strictly internal affairs of South Africa, and in the long run South African affairs are of more real importance to all the people of each of the South African Colonies than the affairs of the particular Colony in which they happen to live. If the people of South Africa reject the policy of closer union, two alternatives, and two only, will confront them. They may aspire to a continued independent existence for each Colony, and take the chance that in the years to come their sons may find that some dispute between the various Colonies can only be settled by the arbitrament of the sword. If they recoil with horror from the contemplation of the possibility of fratricidal strife, then they must be content, as now, to refer their disputes to the High Commissioner, who must be subject to the control of His Majesty's Government in London, who, in their turn, must be subject to the control of the Imperial Parliament. If in this sketch I have laid stress on the consequences to South Africa of the action of the Imperial Government and Parliament, I would not have it supposed that I mean the conclusion to be drawn that, whenever there has been a difference of opinion between public opinion in any part of South Africa and the Imperial Government and Parliament, the former has been always in the right, and the latter always in the wrong. Nothing, in my opinion, could be more historically untrue. Both parties have committed sufficiently grave blunders in the past to make the task of endeavouring to apportion blame a wholly unprofitable one.

Politicians may have blundered, but the truth remains that the British people, by the side of, and in the cause of, the people of South Africa, have lavished blood and treasure in native war after native war from the Crocodile or the Zambesi to the Cape of Good Hope, and that ties thus formed are not lightly forgotten. I have had but a single purpose in view, to demonstrate to the people of South Africa from their own history how much they have to gain by accepting that full measure of internal independence which the British Empire offers as a birthright to all its sons.

Part II.

Results of Disunion on the Railway Development of South Africa.

South Africa has no such waterways as connect the interior of America with the sea, and her relative backwardness could not be overcome so long as ox-waggons travelling less than a hundred miles in a week were the principal means of communication, as they were up to 1870. For thirty years, while the rest of the world was moving at the pace of steam, South Africa had been keeping step with the ox, and railways alone could enable her to recover the ground lost during that period. In 1873 the Cape had 63½ miles of railway, and any extension would have been slow indeed had it depended on nothing more than the growth of the farming industry.

About 1870 an entirely new factor was introduced by the discovery in Griqualand West of diamond mines, which proved to be the richest the world had ever known. On the map* of South Africa attached to this memorandum the point reached by the railway at various dates is shown. The tremendous impetus given to railway construction in Cape Colony by the discovery of precious stones in its northern territories will be seen. The 63½ miles of railway existing in 1873 had become 1,498 miles in 1885. Great encouragement was given to the farming industry by the creation of a new market for its products, and until 1885, when the railway reached Kimberley, by the immense demand made upon the ox transport of the country. Both in Cape Colony and Natal the railways were constructed and managed by the State, but in 1886 the two systems had not as yet advanced so far as to feel themselves in competition with one another. The development of each was controlled by its own Government, which was answerable to all the interests concerned, and responsible, therefore, for holding the balance between them. Various ports in the same Colony might compete with one another, but one government could decide between them, and determine what fresh works were needed to carry the traffic which passed through the country.

Events were now to happen which, owing to the disunion of South Africa, brought the Governments into competition with each other, deprived them of power to gauge the future and proportion their

* Appendix A 2.

enterprise to its needs, and exposed the whole country to many of the evils which State railways are supposed to prevent.

In 1886 goldfields were discovered in the Transvaal which, like the Kimberley diamond mines, soon proved the richest in the world. In an able and far-seeing report to the Transvaal Government, produced by Mr. Johann Rissik and Mr. Christiaan Johann Joubert, immediately after the discovery of the Witwatersrand in 1886, the opinion was expressed that the development of these goldfields was not a mere matter of pick and spade in the hands of diggers, but involved such construction of works and expenditure of capital as powerful companies alone could undertake. In the next fifteen years it was seen that the expenditure of money on these works was destined to run to a figure which far exceeded anything that the authors of this report had dared to suggest. During the previous decade the Kimberley mines had revolutionised the economic condition of Cape Colony. It was no longer a country of lonely farmers and isolated dorps connected with the outer world by two or three ports, where little had been done to improve natural facilities. It was a country in which thriving cities had sprung into existence, in one case, at any rate, in the wilderness itself. Its harbours began to be equipped with docks and wharves. South Africa ceased to be a place where few, if any, were rich, and all followed a simple, and in most cases, a primitive manner of life, and became the land of great individual fortunes. Above all, it

ceased to be the country of the ox-waggon, and became the country of the railway.

The change in transport conditions of one half of South Africa, wrought by the Kimberley diamonds, was effected even more rapidly in the other half by the power of the Witwatersrand gold. At first, as in the case of Kimberley, the merchandise required by the Rand was brought by ox-waggon from the nearest terminus on the Natal or Cape railways, which each of these Governments was pushing forward with all possible speed. Day and night teams and waggons, in almost unbroken columns, moved from railhead along the Natal road. But Cape Colony was by no means prepared to see the whole profits of the landing and carrying industry fall into the hands of her smaller neighbour. In 1889 and 1891 she made arrangements with the Orange Free State, threw her railway across its territory, and by May, 1892, was unloading at Viljoen's Drift, within thirty miles of Johannesburg, goods from trucks which the merchants of Cape Colony had loaded in their ports. The first railway rivalry set up was between her own ports, East London and Port Elizabeth, but she could hold the balance between the two so long as the entire route from them to the competitive area was under her control. Very soon, however, the two British Colonies and Delagoa Bay found themselves, like American railroad corporations, in active competition for commerce so valuable as to be capable of revolutionising their whole economic system. For a short period Cape Colony's Agreement with the Orange

Free State had placed her in a position of virtual monopoly of the Witwatersrand trade. The primitive prejudice of the burghers of the South African Republic against railways was quickly overcome, a company was started in the Transvaal, closely associated with the Government, which joined its line to that of the Cape at Viljoen's Drift. By September, 1892, Cape Town, Port Elizabeth, and East London were linked to the Rand. Neither Portugal nor Natal however were far behind, and arrangements were made in each case for linking their lines with the Netherlands Railway in the Transvaal, the one at Komati Poort, the other just north of Laings Nek. By December, 1895, goods were being delivered from Delagoa Bay and the ports of Natal and Cape Colony from the truck in Johannesburg itself. From this time onward Delagoa Bay began to be the keynote of South African railway politics, and the fact that it has been so is the inevitable result and penalty of the unnatural disunion of the country, which, at this stage, I must describe as Anglo-Dutch South Africa.

Delagoa Bay is a natural harbour in Portuguese territory, some 40 miles nearer as the crow flies to Johannesburg than Durban, 210 miles nearer than East London, and 310 miles nearer than Port Elizabeth. In 1822 a British naval expedition explored this territory, and obtained a cession of it from a native chief. In 1869 when the conclusion of a commercial treaty between Portugal and the South African Republic drew attention to the importance

of the Transvaal trade, the British and Portuguese Governments both laid claim to Delagoa Bay. In 1872 the dispute was submitted to the President of the French Republic for arbitration, and in 1875 the debated territory was awarded to Portugal, the British Government obtaining a right of pre-emption as against any other Power. Immediately after this, in December, 1875, the King of Portugal and President Burgers concluded a treaty of amity and commerce between Portugal and the South African Republic, which provided in a protocol for the construction of a line from Delagoa Bay to the Transvaal. It was found impossible, however, to raise sufficient funds, and the scheme was abandoned on the annexation of the Transvaal in 1877. A supplementary agreement was arrived at in May, 1884, but it was the discovery of the Rand which revived and gave life to the scheme. The anxiety of the Government of the South African Republic for the construction of this line was due to the power of control which the coast Colonies at that time possessed over her commerce which they did not scruple to use to their own advantage, as will be seen when discussing the history of the Customs Conventions. Thus it happened that when the discovery of gold on the Rand, in 1886, gave birth to a large and rapid traffic, Delagoa Bay was in the hands of a foreign Power, and the Transvaal was under a Government which, as it seemed at the moment, had small reason to favour the British Colonies.

Apart from matters of sentiment, the Government

of the South African Republic, whose duty it was to think only of the interests of the Transvaal itself, had material reasons for bestowing its favours on the foreign port. If goods were brought by railway from Delagoa Bay to the Rand, not only was the route actually shorter by 89 miles, as measured along the rails, than the Durban route, but rates were payable to the Railway Company, in which the Government was deeply interested, on goods from Delagoa Bay, over a distance of 341 miles of railway, as opposed to 178 miles on goods from Durban, and 49 miles on goods from Cape ports.

It was in May, 1894, that trains first ran through from Delagoa Bay to Johannesburg. The full effect was not felt at once owing to the fact that, while the natural advantages of Delagoa Bay were great, very little had been done to overcome the minor difficulties, which exist in almost every natural harbour, of moving goods rapidly from the hold of a ship across the foreshore, and into vehicles constructed to run on dry land, difficulties which in recent years have been overcome. Improvement in these details was merely a question of time, and ere long the Transvaal had the commercial interests of all South Africa on their knees at her feet. In 1895 a conference was held at Cape Town of all the railway authorities of South Africa. The Netherlands Railway Company and the Government of the South African Republic were represented by Mr. Middelberg and Mr. Esselen; the Orange Free State was represented by Mr. Fischer and Mr. Ehrlich; Natal by Mr. Murray and Mr. Hunter;

Cape Colony by Mr. Laing and Mr. Schreiner; and Portugal by Colonel d'Araujo.

The Conference began by the demand of the Cape Government that rates should be fixed on such a scale as would secure to their own ports two-fifths of the trade. Mr. Middelberg declined to discuss the assignment of anything beyond a quarter share to the Cape. That, and that only, he was 'prepared to offer' with the consent of the Transvaal Government. The words 'prepared to offer' are used advisedly, and the position in which the Governments of Cape Colony, the Orange Free State, Natal, and Lourenço Marques now found themselves is worthy of remark. From the first page of the minutes of this Conference to the last it is plain that the delegates of these States might claim what they pleased, but the share of the traffic to be allotted to each lay at the absolute discretion of the man who was at once the Manager of the Netherlands Railway and the Agent of the South African Republic. In his power it lay to decide what share of traffic should be carried by the trunk lines of either of the British Colonies, and the fate of the Orange Free State was involved in that decision. But Mr. Middelberg claimed more than the right to settle between one Government and another. He claimed to dictate the terms, over the heads of their own Government, upon which East London should compete with Port Elizabeth, and this in virtue of the fact that, out of 665 miles of railway from the one port to Johannesburg, and 713 miles from the other, he controlled no more than 49. The

length of the single line which fell under the control of each State was of little importance. The mastery remained to the hand which held the ends of all three.

Against the right claimed by another Government, which was not even a Colonial Government under the British Crown, to settle on its own terms a domestic question as between two ports over 600 miles from Transvaal territory, Mr. Schreiner, on behalf of Cape Colony, protested in vain. The whole Conference broke down. Cape Colony had still one card to play, and instead of delivering her traffic across the Vaal Bridge to the Netherlands Railway, she ran a siding down to the old waggon drift, entered into arrangements with numerous transport riders to deliver the goods on waggons, and booked them through to the Rand at rates which enabled her lines to compete with those from Delagoa Bay and Durban.

The Transvaal Government replied by closing the drifts, and for the moment the country was on the brink of war. Mr. Schreiner undertook, on behalf of Cape Colony, to guarantee half the cost of the war if Great Britain would force the drifts at the point of the bayonet, and, had it not been for the Imperial power behind Cape Colony, with which the Government of the South African Republic was not prepared at that date to match itself, had Cape Colony in a word been in the position of the South African Republic, war would almost certainly have resulted between the two either then or at a later date. If it were not for the power beyond the sea equally friendly to all the British Colonies, and if all the

South African States were independent republics outside the community of the British Empire, the issue of the present situation would be national union, or failing that, a war in which men born in the same household would find themselves fighting in opposite ranks.

For the moment Cape Colony gained her point, but how the facts worked out to their inevitable conclusion will be seen from the diagrams * attached to this memorandum which show the division of traffic which has passed across the various lines in successive years. The movement of traffic since the war is shown in detail. It will be seen that in November, 1902, over 29,000 tons of merchandise for the Transvaal entered by the Cape ports, over 22,000 by Durban, and only a little over 14,000 by Delagoa Bay. The variations can be followed by the eye from month to month until August, 1906. In that month the Cape ports have fallen from over 29,000 tons to under 5,000 tons ; Natal has fallen from over 22,000 to under 12,000 tons. The foreign port, on the other hand, has jumped up from a little over 14,000 tons to a little over 21,000 tons. Delagoa Bay is thus getting more than all the British ports put together. The same thing is shown in another way by a second table where the proportion of trade falling to each is traced. In November, 1902, 79 per cent. of the trade is going to British ports, 21 per cent. to the foreign port. Four years have passed under the British flag and 44 per cent. is going to British ports and 56 per cent. to the foreign port.

* Appendix B.

Mr. Middelberg's offer of one-quarter of the traffic to the Transvaal was refused by the Cape Government in 1895. In the course of 1905 the share carried by the Cape railways amounted to 11 per cent. of the whole.

In 1897, shortly after this incident, the Government of the Orange Free State, under their agreement with Cape Colony, took over and proceeded to work the lines within their own territory. Obviously the interests of the Orange Free State were bound up with those of the Cape Ports in matters of trade, for all goods landed at a Cape port had then to traverse the whole length of its territory to reach Johannesburg. On the other hand, the Free State had entered into an offensive and defensive alliance with the Transvaal. The pecuniary interests of the Transvaal lay with Delagoa Bay and Durban and the claims of the Free State upon its generosity were supported not merely by sentimental ties but by cogent political reasons.

From what followed it will be seen how hard it is for one community to make continuous financial sacrifices on behalf of another on grounds of sentiment or even for reasons of policy.

The new lines from Durban and Delagoa Bay were fast getting into their stride, and the results on the railway revenues of the Free State may be gathered from the following figures:

1896—Gross revenue . . .	£1,043,835
1897 „ „ . . .	847,238
1898 „ „ . . .	738,864
1899—Estimated revenue . .	660,000

What the burghers of the Orange Free State must have felt on the matter may be inferred from the following letters addressed to his Government by the Director-General of the O.F.S. Railways.

The first letter is dated 28th May, 1897, and in it Mr. Brounger says:

'I have the honour to draw the serious attention of the Government to the fact that the through goods traffic between the Cape ports and the South African Republic—a traffic on which the prosperity of our railways, and indeed of the State itself, largely depends—is falling off to an alarming extent. This will be apparent when I tell you that the gross receipts from the whole traffic over the Free State Railways in December, 1895, amounted to £104,618, and in December, 1896, to £79,189, while in February last (the latest date up to which the receipts from through traffic have been divided) they fell to £74,131.

'Again during the month of January last the goods passing over the Free State lines into the South African Republic amounted to about 18,000 tons, or at the rate of 216,000 tons annually, while for the last month they have averaged only about 12,000 tons, or at the rate of 144,000 tons annually, being a falling off of 33⅓ per cent. in four months, while during the same period the goods traffic on the Delagoa Bay route has increased by 30 per cent., the total for April being higher than on either the Free State or Natal routes.

'The reason for this is apparent after a perusal of the figures given below, which show the through rate from the several South African ports to Johannesburg:

From	Normal Goods.	Intermediate.	Rough.
	£ s. d.	£ s. d.	£ s. d.
Port Elizabeth	9 6 0 8 1 8	7 3 4	5 5 0
East London	8 16 8 7 13 4	6 15 0	4 18 4
Durban	7 13 4	6 15 0	4 18 4
Delagoa Bay	7 0 0	4 18 4	4 3 4

'The Railway Commission of the Chamber of Mines, at Johannesburg, in their report, dated April 1st, 1897, give the following figures showing the share received by the Netherlands Railway Company over the three routes to Johannesburg, viz.:

Route.	Share per ton per mile in pence.		
	Normal Goods.	Intermediate.	Rough.
	d.	*d.*	*d.*
Free State . .	*7·7	7·7	7·7
Natal . . .	5·06	3·82	3·26
Delagoa Bay . .	4·27	3·69	2·54

* The Netherlands Railway Company imposed a very high rate of 7·7*d.* per ton per mile on traffic over the 49 miles from Viljoen's Drift to Johannesburg, in order to keep traffic from coming that way and force it on to the more paying routes from Delagoa Bay and Durban.

'while the shares received by the Cape, Free State, Natal and Portuguese Administrations are as shown below:

Administration.	Share per ton per mile in pence.		
	Normal Goods.	Intermediate.	Rough.
	d.	*d.*	*d.*
Cape . . .	2·78 2·33	2	1·3
Free State . .	2·78 2·33	2	1·3
Natal . . .	3·04	3·04	1·94
Delagoa Bay . .	4·07	3·53	2·44

'It is obviously in the interests of the Netherlands Railway Company, as a purely commercial undertaking, that this state of things should not be interfered with, as the effect of such an arrangement is not only to divert the through traffic from the shortest route between the boundary of the South African Republic and Johannesburg to the longest route, *i.e.*, from the Cape–Free State route to the Portuguese route—but also to bring handsome profits into the pockets of the shareholders whether those shareholders be the

Transvaal Government (which receives eighty-five per cent. of the net profits) or private individuals.

'It would appear therefore that the only course open to this Government, which would afford any prospect of success, would be to approach the Government of the South African Republic—which, to a certain extent, controls the action of the Netherlands Railway Company—with a view to the re-adjustment of tariffs which at present operate so detrimentally towards a friendly and neighbouring State.'

To this letter the State Secretary, Mr. P. J. Blignaut, replied on May 31st, as follows:

'I have the honour to acknowledge receipt of your letter dated 28th instant, No. T. 16,545, relative to the fall of receipts for through traffic, and to inform you that the matter will remain in abeyance for the closer treatment of the Honourable the Executive Council.'

As things were going from bad to worse Mr. Brounger wrote again to the State Secretary on July 10th, as follows:

'With further reference to my letter No. T. 16,545, of the 28th May last, I have the honour to enclose herewith copy of a letter addressed to me by Mr. John Dougall on the 25th ultimo, from Pretoria, together with copy of a statement accompanying that letter. I have the figures of the latter verified, and find them practically correct.

'This matter is of such vital importance to the welfare of the revenue of the State that I do not hesitate to bring it again to your notice, in the hope that the Government may decide to take, at an early date, some steps with a view to arresting the rapid decrease which is at present taking place in our through traffic.

'The returns last received of the weekly tonnage of goods passing from the Free State into the South African Republic show the minimum yet experienced since the Free State took over its lines, and it is considerably less than half the maximum, which occurred in January, during the same period.

'Part IV of the concession granted to the Netherlands Company by the Government of the South African Republic refers to tariffs, and Article 17 of that part, provides the maximum charges to be made for the conveyance of passengers, goods, livestock, etc., *which on the section Vereeniging–Pretoria, are at the present moment considerably exceeded.** While Article 19 of the same part provides that the concessionaire shall be bound to convey for everyone without distinction or favour presumably at the tariffs mentioned in Article 17.

'The preferential rates for through traffic, which the Netherlands Company is now charging, over the Natal and Delagoa Bay routes, and which are set forth in detail in the statements accompanying Mr. Dougall's letter enclosed, would appear to be a distinct infringement of the last named Article.'

In plain words the Government of the South African Republic was allowing the Netherlands Company to charge rates in excess of the maximum provided in their concession, over the line which united their system with that of the allied Republic, with the express purpose of diverting traffic from that line. It suited the South African Republic better to see the traffic running over the line which united the Transvaal with a foreign territory than over lines which ran through the territory of their ally.

Stranger still is the fact that the loss to the Orange Free State was largely due to the amount of traffic diverted to the British Colony of Natal. The tables quoted by Mr. Brounger show that the rates fixed by the Netherlands Railway Company were intended to discourage traffic through the Orange River Colony in favour of Natal as well as in favour of Delagoa Bay.

* The italics are mine, not the writer's.

The lesson of all this is plain, namely, that a people will seldom endure visible, continuous and substantial pecuniary loss for the sake of another people under a separate government, however close the sentimental ties between them may be. The history of the country itself, however, furnishes another example, showing that the mere union of two or more States, by merging their interests in one, may prevent such a question ever arising at all. It was not many years since the Transvaal itself was divided into several Republics. One was centred at Potchefstroom, another at Lydenburg. Had the separation been perpetuated until 1890, the Dutch inhabitants of the Potchefstroom republic would have strenuously opposed any attempt to alienate one particle of the Witwatersrand revenues for the benefit of Lydenburg. As it was the two units were merged into one before the Rand was discovered and no such question ever arose. Had it not been for the outbreak of war in 1899 one of two things must have happened. Either the Free State would have been obliged to amalgamate its railways with the Transvaal system, or it would have been forced to reunite its railway interest to that of Cape Colony, and to have joined in a repetition of such a rate war as culminated in the closing of the drifts. In either event a war of rates must have followed sooner or later and who can say that it would have involved no danger of an eventual appeal to arms ?

Everywhere the like conditions have yielded similar results. For seven years the thirteen American

colonies fought side by side until 1783 when their independence was acknowledged, and then, within two years, they almost fought with one another. Pennsylvania was at odds with Delaware, Connecticut with Rhode Island and New York, New Jersey with New York and Pennsylvania, North Carolina with South Carolina and Virginia. Vermont, New Hampshire and New York were actually on the brink of war among themselves.

From such a calamity America was only saved by the establishment of the Union in 1788, which was in fact the erection of a Government competent to decide inter-state questions. In this instance customs questions were the occasion of strife, but how much more difficult and dangerous the matters in dispute would have been had each Government controlled a railway of its own, will be readily understood by those who have handled contentious and complicated questions of railway rates. In that case, as in South Africa, one State would have held by the throat the entire trade of another. Under such conditions the only alternatives to union are war or the submission of domestic affairs to the strong control of some impartial power outside the country, or in plain words a surrender of some of the most cherished principles and privileges of self-government.

In the meantime, another set of interests, not properly connected with the railway problem, was fast beginning to draw the Transvaal from the company of her natural kindred into the arms of her foreign neighbour. Since 1886 the mining operations

on the Rand had grown at a pace so rapid as to show signs of having outrun the available supply of rough labour. The conditions of the industry were such as tended to allow this difficulty to become acute before its reality was recognised. As had been pointed out by Mr. Rissik in the report to which reference has already been made, works must be carried out and equipment erected on a large and costly scale before the low-grade reefs of the Rand can be mined at a profit. At this stage skilled labour plays a principal part in sinking shafts and constructing machinery. As soon however as the shaft is sunk and the equipment complete, when in fact nothing remains but to break the rock and work the machinery, the proportion of unskilled labour required is much greater. In those days there was no difficulty in obtaining any amount of capital for the development of the Witwatersrand mines, although, in many cases, the works to be undertaken before any ore could be crushed could not be completed for some years. As soon however as a number of mines had reached the working stage they began to make heavy drafts simultaneously on the supply of native labour throughout South Africa. The effect made itself felt in the remotest parts of the country so that the mining companies were soon driven far afield and began to rely for a great portion of their supply on the numerous but poverty-stricken tribes of Portuguese East Africa. The Province of Moçambique thus came to hold the Transvaal with both hands. On the one hand it had an arrangement with the Nether-

lands Railway Company by which the railway rates on goods from Delagoa Bay to Johannesburg were less by from 13s. 4d. to 15s. per ton than those on goods from Durban (the nearest British port) to Johannesburg, and it had all the interests of the Netherlands railways and the Government of the South African Republic behind it in maintaining this arrangement. On the other hand the mining companies entered into arrangements with the Portuguese authorities for recruiting labour in their territory; a source of supply which was absolutely necessary to them if works and equipment on the mines, representing millions of pounds of capital, were not to lie unused for want of hands to break the rock from the mines.

In October, 1899, the war broke out, and the whole of the stamps of the Rand stood idle for nearly two years. In 1899 these stamps were yielding gold at the rate of upwards of £17,000,000 a year. In 1901 to re-start the industry was the imperative need of the moment. The stoppage for two years involved a loss for the time being of from £35,000,000 to £40,000,000, and no one who reflects what this means will suggest that the urgency of the case depended upon the interests of the shareholders. When it is remembered that the vast bulk of that great missing fund represented not the profits of mineowners or shareholders, but the daily bread of half the population of the Transvaal, it will be seen how imperative this need was. Almost the whole of South Africa was still the theatre of civil war, a war which was

absorbing an immense quantity of rough labour by its operations. Men who lived in Johannesburg at the time relate that, though the central streets in Johannesburg were a danger to ordinary traffic, it was found impossible to undertake their reconstruction, and that the utmost difficulty was experienced in procuring labour sufficient to provide for the barest necessities of public life. The Moçambique provinces were not merely one of the sources of labour, but the only possible source from which labour could at that period be brought.

A further circumstance of that time must be borne in mind. In 1901 the question was less how to find traffic to support the ports and railways than how to find a port and a railway to carry traffic to the Transvaal. Every truck which could be made available at a port for carrying goods to the Transvaal was an object of the keenest competition.

It is a matter of common knowledge that during the war the lines from British ports were worked to their full capacity, and only such traffic as was absolutely necessary was left to Delagoa Bay. The military share of the traffic was out of all proportion to the civil, and necessarily the Imperial war material was introduced through British harbours. Not unnaturally, the Portuguese authorities feared that the existence of Delagoa Bay as a South African port was in jeopardy. As soon, however, as the need of re-opening the mines began to be felt in the Transvaal it was seen what a powerful lever they held in their hand.

The various treaties of amity and commerce between the Portuguese Government and the South African Republic were, of course, abrogated by the annexation of that territory to the British dominions, together with the subsidiary arrangements which had been made with the Netherlands Railway Company and the mining authorities. All these agreements together had secured to the Moçambique provinces such treatment as exactly suited their interests and position; but the fact must be kept in mind that the treaties with the Republican Government were of less moment to Portuguese interests than the agreement as to railway preference with the Netherlands Company and the agreement as to labour with the mine managements. Some verbal understanding on all these matters no doubt existed between the two Governments; but that does not alter the fact that before the war the arrangements of Portugal in respect of commerce were made with the Government of the South African Republic, while those relating to railways and labour were entered into with private corporations.

The war had resulted, however, not only in the establishment of a new Government in the Transvaal, but in the nationalisation of its railways, so that henceforward questions of railway rates became as professedly a matter of public policy as questions of customs. At the same time the war, by interrupting the labour supply and so cutting off the livelihood of a great population, had made that question something more than a mere industrial interest to be handled by

the Chamber of Mines, and had rendered it for the moment the first and most pressing problem which the Government itself had to face. Time and the conditions of that period were all in favour of the Moçambique province. The loss of wealth brought by native labourers from the goldfields to their territory was no doubt a matter of serious concern to its Government, but nothing like so grave as the problem, which faced the Transvaal Government, of securing the livelihood of a great white population. The Portuguese Government could afford to wait indefinitely while starvation and ruin were staring a whole section of British South Africa in the face, so that the re-opening of the labour supply clearly depended upon the renewal of the old railway understanding, which had existed before the war.

The *modus vivendi*,* which as its name denotes, was intended to be a temporary arrangement, was framed to enable the industry, upon which the population of the Rand depended, to be re-opened, and to postpone the vexed questions involved in the old treaties and agreements for settlement at a more convenient season. In those days the number of trucks which each port could obtain for forwarding to the Transvaal was a matter of paramount interest. The Military Department in control of the railways, the civil government, the municipalities and all private interests thought and spoke in terms of 'trucks.' The undertaking contained in the *modus vivendi* that so many trucks a week should be accorded

* For text, see Appendix C (p. 176).

to Delagoa Bay and other references to the warlike conditions of the time show how incidental this agreement was to the exigencies under which it was framed. It merely purported to revive for the time being the old treaties and agreements, with the exception of such provisions as allowed the free importation of spirits from the Moçambique provinces. But, in fact, it created an entirely new situation by uniting in one diplomatic agreement between the two governments stipulations relating to labour and railway rates as well as to customs and commerce. It was, in effect, a compact made by the Imperial Government on behalf of one Colony, the effects of which were to be felt by the whole of British South Africa, which having no parliament or administration of its own, was unable to make its voice heard in the matter.

The main provisions of this document were as follows:—The mining companies were collectively authorised, subject to regulations framed by the Portuguese Government, to recruit natives in their territory for periods not exceeding 12 months. The engagement might then be renewed at the option of the native. For each labourer so recruited a fee of 13*s.* was to be paid in the first instance to the Portuguese Government, and if the native re-engaged in the Transvaal for a further period an additional fee of 6*d.* for each month of such period. In consideration of this privilege goods were to be carried from Delagoa Bay to Johannesburg by rail at rates which preserved the same relation to the rates charged on goods

from the British ports as existed prior to the war. The following table shows the preference given to Delagoa Bay:

Rate.	Durban and East London.	Port Elizabeth.
	Preference enjoyed by Delagoa Bay.	Preference enjoyed by Delagoa Bay.
	s. *d.*	*s.* *d.*
Normal	13 4	21 8
Intermediate . . .	15 0	23 4
Intermediate 'B' . .	13 4	20 0
Rough goods . . .	13 4	20 0
Imported produce . .	10 0	15 0

The provisions of the Treaty of 1875 between the Transvaal and Portugal were to be renewed with the exception that spirituous liquors produced in the Moçambique provinces were not to be allowed to enter the Transvaal duty-free as before. Customs duties were to be no higher than those charged on goods entering by British ports. If notice to terminate the agreement were given by either party, all its provisions were still to operate for a year with this most important exception,—that the right of the mining companies to recruit natives in Moçambique territory was to cease forthwith.

The effect of this last provision will be seen at a glance. Portugal would continue to enjoy the railway privileges a year after the agreement was denounced, while the indentures of some of the native labourers would begin to expire at once, unless they could be persuaded to renew their contracts. Only such

labourers as happened to be recruited at the moment when the agreement was denounced would be available to the mines while the provisions of the agreement in respect of rates would stand good to the Portuguese railway for twelve months.

Certain questions however as to the interpretation of Article IV of the *modus vivendi* have recently been referred to the highest legal authority and as the advice received has a most important bearing on the situation and on the position of the Transvaal Government it is advisable to summarise as clearly as possible the legal opinion received.

It is advised—

(1) That the terms of the *modus vivendi* as to rates apply only to stations between Johannesburg and Lourenço Marques on the line referred to in Article IV (*i.e.*, the Lourenço Marques–Ressano–Garcia Johannesburg line) and not to stations on any other line.

(2) That the preference conferred on the Portuguese administration by the *modus vivendi* must remain at the figures shown in the table on the previous page only so long as the rates remain unaltered. If the rates are reduced from the ports the preference in favour of the Portuguese can be reduced proportionately; that is to say, if a reduction is made in the through rates from the other ports the Central South African Railways are obliged to make only such a reduction in the Delagoa Bay through rate as will result in this new reduced rate bearing the same relative proportion to the old rate, as the

reduced rates from the other ports bear to the old rates from those ports.

An example will illustrate the point. Suppose the intermediate rate from East London to Johannesburg were £5 15*s.* 0*d.* and from Delagoa Bay to Johannesburg were £5 0*s.* 0*d.*, giving the latter port a preference of 15*s.* Suppose then that the Intermediate rate from East London were reduced from £5 15*s.* 0*d.* to £5 0*s.* 0*d.* The new rate from Delagoa Bay would then be found as follows:—As £5 15*s.* 0*d.* is to £5 0*s.* 0*d.*, so is £5 0*s.* 0*d.* to the new rate from Delagoa Bay, *i.e.* £4 6*s.* 11*d.* The Delagoa Bay preference would thus have been reduced from 15*s.* to 13*s.* 1*d.* but would still bear the same proportional relation to the East London rate. Sea freight remaining constant, such a reduction in preference is a matter of considerable importance.

(3) It is further advised that the *modus vivendi* only applies to lines which were in existence when it was made, and that therefore the obligation of maintaining the preference in favour of Delagoa Bay, which attaches to the through lines existing before the war, does not attach to the new through connections to the Transvaal from the Cape Ports *viâ* Fourteen Streams and Klerksdorp, from Durban *viâ* Van Reenen and Kroonstad and from Delagoa Bay *viâ* Witbank and Brakpan.

This last point is in my opinion of very great importance. For were the *modus vivendi* to be denounced and native recruiting to be stopped, South Africa could at once reply by so reducing the rates

from the Cape and Natal ports by the new through routes as to divert the whole of the traffic from Delagoa Bay and so deprive that port at once of the advantages accruing to it from the *modus vivendi* instead of its retaining them for one year. But, while I do not wish to deny the importance of such a weapon of defence as is afforded by the legal opinion I have quoted above, the pith of the whole situation lies in this. Ninety per cent. of the natives employed underground on the Rand are obtained under the terms of the *modus vivendi*, and this supply begins to dwindle the moment the agreement is denounced by either party. The Coast Colonies will readily see that if the whole of the Delagoa Bay traffic were transferred to their lines, it would profit them little, if at the same time half the stamps on the Rand were standing idle for lack of underground labour.

One further point, however, must be noticed. It is often assumed that the preference shown in the above table represents the relative cheapness of the Delagoa Bay route as compared with routes from the British ports. There is indeed no means of discovering the relative total costs of transportation by the various lines, but if sea-freight is taken into account, as it should be, it is not absolutely beyond a doubt whether under unified railway management the Delagoa Bay line need be either the cheapest line for the consumer, even in the Transvaal, or the most profitable for the Government; for certain classes of goods it is clear that that would not be the case. The preferences in favour of Delagoa Bay were

originally fixed by the Netherlands Railway Company to divert traffic to the line, which being the longest in their own system, gave them the largest share of the freights. A glance at the map will show what an interest they had in diverting traffic to this route. Every ton of imported goods has to be carried to the Rand over at least two railway systems, and the division of the rates between the Administrations though not strictly a mileage division is governed by the relative length of the Cape and Natal systems. The following table shows the number of miles over which consignments of goods from the various ports to Johannesburg would pay rates to the Netherlands Company, as compared with the number of miles over which rates would be payable to other systems :

From	Number of Miles on Z.A.S.M.	Balance of Miles on other Systems.	Proportion of Mileage on Z.A.S.M.
			Per cent.
Port Elizabeth .	49	666	6·8
East London . .	49	618	7·3
Durban. . .	178	307	36·4
Delagoa Bay . .	341	55	82·5

During the war the railways of the Transvaal and of the Orange River Colony were in the hands of the military authorities. As soon as peace was declared and the railways were handed over to the civil Government, Lord Milner saw what the inevitable effect would be if the Transvaal railways were retained under a separate administration from those of the Orange River Colony, and indeed from the other

railways of South Africa. He occupied a triple position, first as High Commissioner, secondly as Governor of the Transvaal, and thirdly as Governor of the Orange River Colony.* The powers vested in the High Commissioner by virtue of his Commission are limited to the Colonies of which he is Governor, to Rhodesia and to the Native Protectorates. Owing, however, to the fact that the natural unity of South Africa is not represented in the political institutions of the country, he acts as the Adviser of the Imperial Government on South African questions. As High Commissioner, Lord Milner was interested to secure a fair share of traffic for the Cape lines and the Natal lines as well as those of the Orange River Colony and the Transvaal. As Governor of the Orange River Colony he was interested in obtaining such a proportion of traffic over the Orange River Colony lines as would secure for that colony an adequate share of the railway revenue. As Governor of the Transvaal it was his duty to see that the Transvaal railways were run to the fullest advantage of the people of the Transvaal; and a glance at the map will show that the Transvaal revenues were best served by carrying goods over the Delagoa Bay line as opposed to Natal, and by carrying goods over the Natal line as opposed to the Cape and Orange River Colony lines. In other words, his duty as Governor of the Transvaal was in direct conflict with his duty as Governor of the

* See Minutes of Inter-Colonial Railway Conference of February, 1905, p. 73: 'The President stated that as High Commissioner he could not help taking account of the interests of all South African Colonies. He wished to be absolutely impartial.'

Orange River Colony, and with the responsibilities which as the High Commissioner, he felt towards the interests of all British South Africa.

It was not in Lord Milner's power to unite all the railway interests, the only step which could have reconciled all these conflicting responsibilities, but he did all that in the circumstances it was possible to do by amalgamating the Transvaal and Orange River Colony railways. It will be seen at once that, unless the railways of the inland Colonies had been united under the Inter-Colonial Council, the Orange River Colony and Cape Colony would have found themselves face to face with the situation which led to the closing of the drifts in 1895. To have asked the separate Transvaal railway administration, on sentimental grounds, to encourage traffic to come in by a route which gave them a haulage of 49 miles, instead of by routes which, while being shorter in themselves, gave the Transvaal railways a haulage of 178 and 341 miles respectively, was out of the question.

The union of these two railway systems was a bold attempt to minimise to the people of South Africa the results of their division into separate colonies. So long as the railway system of the Transvaal stood alone its interests were as diametrically opposed to those of the Orange River Colony and Cape Colony as those of the Netherlands railway had been. This monstrous state of affairs was the direct result of frontiers arbitrarily ruled across the map of South Africa between sections of one community, which

corresponded to no real political or physical lines of division. By uniting the railways of the two inland Colonies Lord Milner wiped out one of those lines of division so far as transport was concerned and created a new system, the traffic interests of which were somewhat less difficult to reconcile with those of the Cape Colony and less inseparably bound up with those of the foreign port. The new system provided a route to Johannesburg from the Cape ports in which the C.S.A.R. was interested to the extent of 55 per cent. of the mileage as contrasted with the 7 per cent. of the mileage in which the Netherlands Railway Co. had been interested. It is of the utmost importance to realize at this moment, when the whole question of the union of these two systems is about to be opened for reconsideration, that their severance must inevitably place the various States of South Africa once more in that position which almost led to war in 1895. Whether the railways of the Orange River Colony are run as a separate system or reunited to those of Cape Colony, a situation will be reproduced in which the railway interests of the Transvaal will be turned in the direction of Durban and Delagoa Bay. A direct governmental interest will be added to the commercial and industrial interests which are concerned to divert traffic from the lines of Cape Colony and the Orange River Colony.

By wiping out the one inter-colonial boundary under his control, Lord Milner did no more than diminish the evil. Even when the two systems were united, it still paid them better to pass traffic through

the foreign than through the British ports. This may be illustrated as follows. If in the calendar year 1905 the whole of the traffic, which reached Johannesburg and Germiston through British ports, had been imported through Delagoa Bay, the gross receipts of the C.S.A.R. would have been swelled by some £200,000. It is not suggested that their net profits would have been increased by a similar sum. In such a hypothetical case the effect in working costs cannot be worked out with any accuracy. But without doubt the net profits would have been increased by a very large sum. And further the tonnage to Johannesburg and Germiston is not nearly the whole of the tonnage to the Transvaal, so that the above sum by no means represents the total amount of gross receipts lost to the C.S.A.R. by the use of the British as opposed to the foreign port in that year. It need scarcely be pointed out that it is only because the railway administrations are disunited that the C.S.A.R. has so great an interest in exploiting Delagoa Bay. Under federation the gross receipts, on whatever line they were earned, would go into a common pocket, and the Transvaal and O.R.C. would have an equal interest with the other Colonies in traffic coming through British ports. Similarly of course, as far as revenue is concerned, the other Colonies would have an equal interest in the receipts earned on the Delagoa Bay line.

In other words no final remedy is possible so long as the through lines in British territory are managed in separate sections cut up by political accidents of

the past in a manner utterly at variance with the natural conditions of railway administration. To reconcile the interests of British South Africa with one another it will be necessary to wipe out not one but all the boundaries, and to run the railways as one transport system for the service of the whole country.

In no case however could the device of the Inter-Colonial Council avail to neutralise the inevitable consequences of the *modus vivendi*. The harbour authorities at Delagoa Bay at once set to work to improve the defective landing facilities which prevented their reaping the full advantage of the preference accorded them under the agreement. To avoid lengthy statements, diagrams are attached showing the proportions of trade which have fallen, year by year, to the Cape, Natal and Portuguese ports respectively since the year 1895.

After the war the real nature of the position forced itself so rapidly upon the attention of the coast Colonies that, at the end of 1903, the Natal Government asked for a conference with a view to discussing the question of the amalgamation of all the railways of South Africa. Lengthy correspondence ensued, and the original proposals of Natal fell through ; but it was ultimately arranged that a conference should meet to discuss some arrangement of rates calculated to arrest the rapid diversion of trade to Delagoa Bay, which was taking place. The Conference met in February, 1905, but it was a conference with power to settle nothing. It was convened simply for the preparation of some new arrangement which could

afterwards be recommended for acceptance, not merely to the various Governments of British South Africa, but for the approval of the Government of Portugal itself which was essential to the carrying out of any proposals.

The records of the discussions which took place at that Conference show that any modifications of the existing arrangements calculated to give relief to the Cape ports involved a sacrifice of the revenual interests of the Transvaal. It is astonishing that, in the circumstances, any arrangement was arrived at at all. The Conference, indeed, resolved that the sacrifice of public revenue involved by the proposed reduction of rates from the more distant ports instead of to the nearer port, should be distributed *pro rata* over the various systems; but all the Transvaal delegates refused to record their assent to this proposal. That the principle of a reduction in the existing preference accorded to Delagoa Bay was agreed to at all was due to Lord Milner, who threw his whole influence into the scale on behalf of better treatment for the British coast colonies. As it was, a minority of the Transvaal delegates voted against the scale of reduction which was adopted.

But these resolutions were not binding on any of the Colonial Governments, still less were they binding on the Portuguese Government; and the next step was necessarily to induce the Portuguese Government to consent to the modification of the *modus vivendi*, so far as to accept the principles embodied in the resolutions of this Conference. The duty of making

a new arrangement between the four British Colonies and the Portuguese Government at Lisbon was remitted to the Foreign Office through the Secretary of State for the Colonies, and since that time the negotiations have continued with the Portuguese Government and also with the Governments of all the British Colonies concerned.

It is impossible to carry further any detailed account of the subsequent history of the negotiations, without referring to facts and documents which are not as yet public property. The gist of the whole situation, however, lies in this. Any one who has had experience of such negotiations is aware that it is not practicable for one party to take a cut and dried scheme, formulated in its own interest, and expect a foreign Power to accept it without suggesting modifications. The records of the Conference itself show that its resolutions embodied nothing but a compromise on the part of the British Colonies themselves, which could only be arrived at by considerable concessions on the part of each party to the Conference at the close of its proceedings, as compared with the original position adopted by it at the outset. This compromise is then taken by the British Minister to the Portuguese Government, and must, in the nature of things, become the subject of further compromise. On the other hand, if the Portuguese Government suggest, as they are entitled to suggest, any modification in the new arrangement formulated by the Conference, that proposed modification has to be referred to three different administrations, who

are at once thrown into antagonism with one another, and much of the work of the Conference of February, 1905, has all to be done over again. But even if Portugal did express her willingness to accept the original terms, she would still have to be told that they were not binding on the South African Colonies until they had been specifically accepted by their various Governments. Any one of the three administrations might render nugatory all the negotiations which have taken place, first of all at the Conference, afterwards between the High Commissioner and the Governor-General of the Moçambique Provinces, between the British and Portuguese Foreign Offices, and again, between all the different South African Governments with regard to the modifications suggested by the Foreign Office. Under circumstances like these it will be a great marvel if the results aimed at by the Conference of February, 1905, are in any measure attained.

The *modus vivendi* is only one of the many difficulties arising from the division of the railways which has set the people of South Africa by the ears. The programme of New Construction carried out by the inland Colonies has produced a crop of disputes between the various administrations, and the time wasted and the bitterness provoked have been out of all proportion to the importance of the issues at stake. This programme has to a large extent consisted in the completion of links joining various through routes one with the other. Before the war the only connection between the lines of Natal and

the Orange Free State was through the Transvaal and the system of the Netherlands Railway. Or again, to reach Kimberley from the Transvaal by rail the traveller was obliged to travel round three sides of a rectangular figure, instead of across one. The Delagoa Bay line climbed over difficult gradients and then fell to Pretoria a thousand feet below the ridge of the Rand, over which it must climb again, before it could reach the mining district to which the greater portion of the goods entering through this port are consigned. The remedy for this second defect was a line uniting Witbank with Brakpan. An improvement could be made in respect of the first as well as of the second defect by carrying the line which now joins Springs to Breyten and Swaziland to meet the line which the Portuguese are carrying to the Swaziland border. This railway would be practically as short in distance, and the gradients would be easier than those of the existing line.* The greater part of this new construction has now been carried out. Durban is in direct communication with Kroonstad and Bloemfontein *viâ* Ladysmith, Van Reenen's Pass, and Bethlehem ; Johannesburg has been linked to Kimberley *viâ* Klerksdorp and Fourteen Streams ; and Witbank is directly connected to the Rand by Brakpan. The completion of these links has, in every case, produced results which have brought the Governments of South Africa into controversy and

* It is a moot point, however, whether the improvement would justify the sacrifice of the capital invested in the existing line from Delagoa Bay to Witbank which would be rendered obsolete and useless so far as the great bulk of the traffic is concerned.

has provoked no little bitterness between the communities they represent. The agreement with the Government of Cape Colony relating to the Klerksdorp–Fourteen Streams connection was such as to transfer to Port Elizabeth a quantity of trade which had previously entered the Western Transvaal through Durban and Delagoa Bay. On the other hand, the effect of the opening of the Bethlehem–Kroonstad line was to restore to Durban a portion of the Orange River Colony trade, which, since the opening of the main Free State line, had fallen to Port Elizabeth and East London. In the latter case the Cape Government endeavoured to neutralise the diversion of trade to Natal by cutting down the rates on their own section of the lines, as far as Norvals Pont and Bethulie, to such a figure that the merchants of Port Elizabeth and East London would find themselves on a footing of equality with those of Durban as far north as Kroonstad. Both the coast Colonies gave notice of their intention to cut rates. Natal threatened a corresponding attack on the Klerksdorp–Fourteen Streams agreement, and the result would have been seen in a rate war between two British Colonies, which must have proved disastrous to South Africa and might have produced further results which it had been impossible to foresee. The rates from Delagoa Bay over the new Witbank–Brakpan line have been the occasion of a third controversy. The completion of these links in the general railway system of South Africa made itself felt with far greater effect hundreds of miles away in the two

coast Colonies than in the two inland Colonies, within whose territories the whole of the lines in question have been built, with the exception, in the case of the Klerksdorp–Fourteen Streams connection, of two miles beyond the western border. Railways resemble nerves in the human system, and may, if disturbed in one part, produce paroxysm, or even paralysis, in a different part of the body, so that an operation on another organ may have unforeseen effects on the hands and the feet.

It will thus be seen that the railway system of South Africa although owned by States and subject to the drawbacks of State management, is subject to many of the defects which arise from internecine competition between competing railway companies. The various sections into which it is split up are owned not by shareholders scattered over the whole world, but by the citizens of local communities who are kept thereby in a condition of chronic hostility towards each other. From the national point of view the result has been calamitous for it has developed a port outside British South Africa at the expense of her own ports and introduced the foreign complications of continental Europe into the domestic affairs of this country, as shown by the fact that matters which involve the relation of one South African Colony to another have now to be dealt with by the Foreign Office of the Imperial Government.

Above all men who have founded nations, fame has set George Washington in a place by himself, for the history of the American people stands in perpetual

witness of his surpassing patience, foresight and resolution. As noticed above, the relations of the American States immediately after the war of independence had many points of resemblance to those which now exist between the Colonies of British South Africa. The following account will show how close in some respects the resemblance was :

* ' In the early spring of 1785 a modest but memorable meeting took place at Washington's country seat of Mount Vernon, between representatives from the States of Maryland and Virginia. The occasion was a conference in regard to water ways between the eastern settlements and the western unpeopled land lying in the valley of the Ohio and to the north-west. The greater portion of these vast territories had been ceded to the Federal Government by the various States who claimed them under their charters or by virtue of a nominal occupation. To the south North Carolina stretched out in a wide strip to the banks of the Mississippi. Her western population being something more than nominal, had refused to be included in the cession and after an unsuccessful effort to form themselves into a separate State under the name of Frankland, had been compelled to return to their old allegiance.

' Development of the Western country was one of the great dreams of Washington's life. He foresaw the importance of these possessions at a time when few men were willing to give them much thought. They were the fruits of the great policy of the elder Pitt, in which as a youthful soldier, Washington had borne a distinguished part. What the Treaty of Paris in 1763 had secured to Britain, another Treaty of Paris, in 1783, had divided between Britain and the victorious Colonies. This rich inheritance it was his fixed determination to weld into the Confederacy. By speech and correspondence he had pressed the matter upon his fellow-citizens even before peace had actually been signed ; and throughout the whole of the turbulent period which ensued he continued to urge the need for development and for the firm attachment of this estate to the rest of the

* *Alexander Hamilton*, by F. S. Oliver, p. 138.

Union. When these means proved inadequate, being a practical man, he founded a joint-stock company to open up communications.

'Even the peculiar advantages of this territory appeared to Washington to contain some not inconsiderable dangers. The splendid waterways of the Mississippi and its tributary streams were not an unmixed advantage, seeing that the mouth and the lower reaches were in the hands of Spain, who also extended a shadowy claim to the whole western bank and to the unknown region beyond. The easiest course for the new settlers was to drift their produce down the broad current to New Orleans, and the dread of Washington was lest this tendency might induce "a habit of trade" with a foreign power; an intimacy and a mutual interest which in the end might lead to a detachment from the Union. Consequently, at a time when the chief matter of political anxiety with regard to the Western lands was the menace of Spain against the free navigation of the Mississippi, he was more concerned to develop the natural trade routes from east to west by clearing the waterways of the James, the Potomac, and the Ohio, and by the construction of a system of supplementary canals.

'It was for the adjustment of certain differences, and to procure the co-operation of the two States, whose sympathies had already been enlisted in this enterprise, that the meeting took place at Mount Vernon in March, 1785. As the delegates had come together in a businesslike and peaceful spirit, other matters of mutual interest were brought tactfully under discussion—the advantages of a uniform currency and system of duties; the need for a general cohesion and mutual support among the confederated States. Under the spell of a great character prejudice was for the moment forgotten, and invitations were issued to Pennsylvania and Delaware to join in the discussion. But good feeling expanded even further—once started on the course of reason it was easy to urge it forward—and it was ultimately decided to propose to all the thirteen States that in the autumn of the following year (1786) they should meet at Annapolis to discuss the whole commercial situation.'

If the father of the American people rose from the dead he could not tell us more clearly than this what

his attitude of mind would have been in facing the present position in South Africa. Rather than use American trade to develop a Spanish port on his frontier this man was prepared to change the course of nature itself and to convey the traffic of the Mississippi by canals to the sea through American ports at the mouth of the Potomac. Such sacrifice he thought that it became America to make for the sake of her future safety and union. More remarkable still is the fact that this project led to the union of the States under one National Government, which was able to overcome the difficulty without cutting the canals. Such is the imagination, the force of will and the capacity for sacrifice needed to make a nation, and if South Africans propose that end for themselves they must pursue these difficult questions with a like purpose and the same indomitable courage.

It is instructive to compare the policy of Washington with that which has been adopted in South Africa. The people of South Africa are in fact largely using their resources to develop a foreign country instead of their own. True it is that that foreign country is one towards which all South Africans entertain feelings of cordial respect, friendship and alliance. Still the first duty of patriotism is towards one's own country. A government of united British South Africa could safeguard the legitimate interests of its own ports, without depriving the allied port of its legitimate share of trade or its own inland markets of cheap transport.

In discussing the relations of the Transvaal and the

Orange Free State in railway matters previous to the war, the remark was made that one State cannot go on making a visible and continuous pecuniary sacrifice for another State merely on grounds of amity and friendship. On the other hand, history has shown that separate States when combined in one union are capable of sustaining a policy involving heavy and protracted sacrifice for the sake of a national idea common to the whole. The Canadian Provinces are a case in point.

* ' Owing to geographical conditions the fiscal policy of Canada was affected by political considerations earlier than that of Australia or New Zealand. The withdrawal of the preference long enjoyed by the Colonies in the British market was compensated, for Canada, by the treaty of reciprocity with the United States (1854). But when this treaty was terminated by the Americans, in 1866, a staggering blow was dealt to Canadian trade, which by that time had adapted itself thoroughly to the American market. In the prevailing opinion the whole question of the Canadian future was involved. It was notorious that free access to American markets might be secured at any time by the transformation of the Canadas into States of the American Union. To the greater part of the agricultural and commercial community " annexation " seemed then, and for long afterwards, to be the only means of securing the market facilities in default of which no development of Canadian resources could take place. The fact that an alternative policy was discovered and adopted was due, not to any Canadian national sentiment, which then hardly existed, but to the faith and energy of the old Loyalist instinct, which had been cherished by descendants from the exiles of the American revolution. The counter move to the demand for " annexation " was the movement towards the confederation of the provinces ; and, when at length that was accomplished (1869), the inauguration of a protectionist system significantly called the " National Policy." It was the hope of Sir John MacDonald's

* *Studies in Colonial Nationalism*, by Richard Jebb, p. 214.

party that these two measures in conjunction eventually would make the industry and trade of the Canadian people, like that of their American neighbours, largely independent of foreign markets; by creating manufacturing centres to supply the needs of the rural population, and in turn affording the farmers urban markets within their own territory.

'In a new and sparsely populated country protection of manufactures inevitably entails hardships in the form of high prices for a considerable period, until the home market becomes large enough to warrant the organisation and equipment of manufacturing industries upon the modern scale, which is essential to cheap production. Accordingly it devolved upon the Canadian federalists to reconcile the people to the new system by emphasising the idea that the National Policy was one to be judged by its aims and tendency, rather than by its immediate effect; and that the attainment of a self-supporting national existence was a worthier ideal than the betrayal of the strenuous past to the American annexationists. Nevertheless, from a commercial point of view the National Policy was a palpable and doubtful speculation, involving present hardship without any assured prospect of ultimate success; whereas commercial union with the United States connoted the certainty of immediate and lasting prosperity. Under such circumstances the decision of the Canadian statesmen, and the acceptance of the National Policy by the Canadian people, deserves to rank high amongst the examples, increasingly rare in modern history, of material wealth being rejected deliberately for the sake of a patriotic ideal.'

It is commonly said that the Transvaal must develop on natural lines, meaning that the bulk of its trade must be brought through Delagoa Bay. Assertions that commerce naturally flows in this channel or that are to be accepted with caution: nor must the fact be left out of account that even conditions of trade which are seemingly natural may be mastered and moulded by the will of a people.

* 'The defeat, in 1891, of commercial union with the United States had been the signal for a redoubled effort to develop the British market as a permanent substitute for the American market; and this policy, begun by the Conservatives, was continued energetically by the Liberals. By improved steamship communications, including especially the provision of cold storage and a careful study of the market, a great increase was effected in the volume of Canadian exports to Britain. Within ten years the United States had definitely given place to the mother country as the chief customer of Canada. Nationalists, seeking to establish an economic basis for independence, urged that Mr. Goldwin Smith and other commercial-unionists were wrong when they maintained that the "natural" direction of Canadian trade was north and south. Nature herself, it seemed, had provided for the political situation, when she made one great waterway of the continent run from north to south, uniting the States, and the other from east to west into the Atlantic, drawing Canada towards Britain. In fact the natural direction was the same as that of the St. Lawrence parallel to the direction of the American export trade. The products of the continent were similar on each side of the international boundary, and, so far from being complementary to each other, were competitors for the British market. Hence the latter was the market which it concerned Canada to develop.'

These instances are quoted in order to show what sacrifices have been proposed and made in the North American continent for the attainment of National Unity. In this country no such sacrifices are demanded. As will be seen in discussing the economic aspects of the question the union of the railways in one system means that the railways must cease to be used as an instrument of taxation or local protection, and be run as a whole at cost price on their merits. Hence the union of the railways, apart from the

* *Ibid.*, p. 224.

economies which could be effected in working, means in fact a reduction of rates to the Transvaal. For these reasons I do not believe that national union of the railways involves any real loss to the northern Colony ; but even if a sacrifice was required, I cannot doubt, looking at the past, that the people of the Transvaal would face it, for the sake of ending, once for all, the exceptional evils which disunion has inflicted on South Africa.

It has ever been the deliberate policy of the mining industry to establish a community on the Rand by placing with local merchants every order that could be so placed, instead of buying direct through agencies in Europe and America. It was not contended that this was done solely on the ground of cheapness, but because the establishment of a strong commercial interest in the country was seen to be the wise and patriotic policy. The observance of this practice in the past is greatly to the credit of the men who have controlled the mining industry. But it must not be forgotten that this trade affects the ports of British South Africa just as directly as the commercial community of the Rand itself. The general wellbeing of Cape Colony and Natal is affected by the prosperity of these ports in just the same way as the Transvaal itself is affected by the prosperity of the commercial interests of the Rand. The mischief of the situation lies in the fact that no one parliament assembles where members of the Transvaal can meet face to face with members from the coast, hear what the diversion of trade to Delagoa Bay means to the

British South African ports, and tell them what it would mean to the mining industry and what to the trade that industry creates if 90 per cent. of the natives employed underground were withdrawn, so that some plan to meet the difficulties of both could be devised.

I have not hesitated to set forth the magnitude of the difficulties which have to be overcome in any attempt to unite the railway systems of South Africa, although I have not been commissioned by the people of South Africa to suggest to them how these difficulties may be overcome.

Part III.

Results of Disunion on the Fiscal Policy of South Africa.

In one respect the British Colonies of South Africa have succeeded in effecting union of a kind, namely, in the matter of their fiscal policy. It is instructive to trace the gradual process by which this union has come into existence. When the Orange River Sovereignty was cut off from Cape Colony, and established as an independent republic, its imported supplies were drawn through the Cape ports. Had the Sovereignty remained united with the Cape territory, whether as one State or under some form of Federal Union, the Customs duties leviable at the ports would have been expended on the administration of the whole country south of the Vaal River. When, however, the territory between the Vaal and

Orange Rivers was erected into a separate and independent State, the whole of those revenues were retained by the Cape Colony, and spent for the benefit of her own territory south of the Orange River. Natal adopted exactly the same attitude when goods began to reach the inland States through her territory, and retained for her own benefit the whole of the Customs collected on the imports. Bearing these facts in mind, we need not wonder that the Transvaal hailed the decision of Marshal MacMahon which secured the Portuguese in the possession of Delagoa Bay as a promise of deliverance from what she considered to be unjustifiable exactions levied upon her.

Here, again, the consequences of violating the natural unity of South Africa began to assert themselves. The political divisions did not correspond to the facts; with the inevitable result that one section of the population taxed another without the consent of the section which was taxed. The first problem, therefore, which the Transvaal had to solve was to obtain supplies free from the toll levied by the coast Colonies; and hence it was that the Republic cast such wistful eyes towards Delagoa Bay. The project of building a railway to Delagoa Bay was first brought within sight by President Burgers, himself born a citizen of the Cape Colony. As soon as Delagoa Bay was secured to Portugal by the MacMahon arbitration, he made a treaty with Portugal, surveyed the railway line, and raised a certain amount of capital for the purpose of constructing it. For the time, however, the project miscarried, the country was

plunged into bankruptcy, and annexation followed in 1877.

In 1882 the Cape Government recognised in principle the injustice of retaining the Customs duties on goods which were merely passed through their own territory by undertaking to make good out of Customs revenue to a certain amount any shortfall between revenue and expenditure in the administration of Basutoland which was then first undertaken by the Imperial Government. In 1884, owing to competition from Natal, the Cape Government rebated to consumers on goods going through to the inland States the difference between the Cape Colony and Natal duties. The consumer, therefore, derived some relief. The finances of the inland Governments, however, obtained no direct relief whatever. In 1886 Natal also adopted the rebate system, owing to the increasing pressure of competition with Delagoa Bay.

In 1888 an abortive Customs Conference took place in Cape Town between representatives of Cape Colony, Natal, and the Orange Free State, the Transvaal declining to take part. In 1889 another Conference was held at Bloemfontein which, owing to the efforts of Sir Gordon Sprigg and President Reitz, resulted in the establishment of a Customs Union between Cape Colony and the Orange Free State. Under this arrangement the Cape retained a transit or collecting charge of twenty-five per cent. Basutoland was admitted to the Union in 1891, and the Bechuanaland Protectorate in 1893. In 1896 this Convention was amended and renewed between the

same parties as before, Natal having withdrawn after the preliminary discussion. In 1898 a new Convention was made, to the terms of which the delegates from Natal agreed, and the collecting charge was reduced to 15 per cent. The Cape Legislature, however, failed to ratify the Convention until the second session to which it was submitted, and it did not come into force, therefore, until January, 1899. The position at that date may be briefly summarised as follows: Cape Colony, the Orange Free State, Natal, Basutoland, and the Bechuanaland Protectorate had entered into a Customs Union. Southern Rhodesia had entered into an agreement of the nature of a Customs Union with Cape Colony. Goods to the Transvaal were allowed to pass through the territories of the coast Colonies subject to a transit rate. These arrangements were, of course, dislocated by the war; but in 1903 a Customs Union was established, including the Transvaal and Southern Rhodesia. The transit rates were abolished, and the charge for the collection of duties at the coast was reduced to five per cent.

By 1905 the effects of financial depression were felt in almost every Department of South African society. Permanent alterations of fiscal policy were necessary to enable Cape Colony and Natal to meet the deficits which they had been facing since the war. Notice to terminate the agreement was given by Natal, and a Conference to consider the whole matter was fixed for March, 1906. In the meantime each Government proceeded, after consultation with local interests, to

formulate a programme to put forward at this Conference, looking, of course, to the interests of its own particular section of South Africa. The first obligation of each was to its own constituents; to consider what policy would tend to the advancement of all South Africa was the special duty of none. I must, however, state that as soon as the Conference met, the interests of the country as a whole were uppermost in the minds of the delegates, as they would be in the minds of a South African Parliament. This disposition, however, was checked and crippled by the sense that they had each and all to return to communities which would view the decisions of the Conference in the light of local interests, and might cancel and repudiate all they had done.

The Conference was composed of twenty-five delegates from the South African Colonies, the British Consul-General at Lourenço Marques, three delegates from the Portuguese Government, with myself as President. Added to these were some ten technical advisers, and the secretaries and other officials of the Conference. Thus, for three weeks many of the busiest and most responsible persons in the country laboured incessantly, not to harmonise the programmes of the different States, for that was impossible, but to arrive at such a mixture of the various ingredients of the conflicting programmes as each and all would consent to swallow.

The proceedings of the Conference were private, and when it was closed the strictest secrecy as to the nature of the results produced had still to be observed

by some forty persons for several months. The new Convention had then to be carried through five different legislatures, and each of these public assemblies were told that they might discuss the details, but they could not be allowed to alter one of them.* The Convention was cut and dried, and they must each and all take or leave it as a whole.

Compare this procedure with the process by which a Customs tariff would be framed in the United Kingdom, if the Government had decided to embark on a new fiscal policy. To begin with, it is probable that either the Government would appoint a Royal Commission or Parliament itself would appoint a Select Committee to investigate the question, and the whole proceedings of that body would be open to the public; the evidence placed before it would be the subject of public discussion. When the actual proposals were framed, they would be framed by the Government itself, and the greatest attention would, of course, be paid to the claims of each business and industry, and also to the views put forward by the various interests and parts of the country. The business community of London would have one point of view; the manufacturing communities of Lancashire and the agricultural interest of the rural districts would probably have another; but in the last resort the Government would pronounce between them and, assuming that it had a working majority in the House of Commons, the Legislature would support the Government. If not, a new Government would

* See Appendix D (p. 181).

be called to office competent to decide finally between the contending parties.

At a South African Customs Conference there is no such power. The Conference is only held together by dread of the consequences of failure to effect a convention at all. But at any moment a deadlock may be produced by the refusal of one of the parties to the Conference to acquiesce in the will of the majority. The withdrawal of certain members from the Conference might practically ruin the efforts of the whole.

A Customs tariff framed by His Majesty's Government at Westminster would represent a deliberate policy, a policy of the majority of the people of the country; and it would be conceived as a whole in the best interests of the whole country, so far as the Government was able to perceive and understand them. A certain element of compromise, as between one interest and another, would, of course, enter into the composition of such a tariff, but that element would only be a secondary consideration.

In a South African Customs Conference the paramount consideration is to get one tariff for the country and no more than one, and to attain this object there must be compromise from beginning to end. The result is a mixture of opposing principles, and indeed, as I have said in discussing the subject above, a mixture of different tariffs framed by different Governments on wholly different lines. The result is that it is based on no intelligible policy, and is governed by no general principles.

A Customs tariff framed as a treaty between independent States must not only be a compromise, but is likely to be one which its authors know to be in some respects bad in itself. Cases occur in which the representatives of one State are convinced by those of another that some change in their programme would be to the general advantage. They know, however, that the public in the State they represent, not having before them the new reasons which have led to a change of opinion in their own minds, will repudiate such a concession if made. They cannot, however, break up the Conference, go home and place the matter in a new light before the interest concerned, and they are forced, therefore, to insist on some provision which, as they now believe, is likely to be mischievous in its effects.

So far the conditions under which the details of a Customs tariff would be framed by the Government of a democratic country have been compared with those under which it is framed by way of treaty between independent Colonies in South Africa. The proceedings of both must be secret until the measure is introduced to the Legislature or Legislatures as the case may be. Up to this point secrecy is essential in both cases, because publicity while the duties on the items were still unfixed, would lead to speculation. But in the case of an ordinary Government, the items of the scheme submitted to the Legislature are each and severally genuine proposals for their consideration. The Government is, in fact, prepared to accept amendments and modify the details of their

scheme, in view of considerations urged upon them in debate, so that the measure is, in fact, settled, not merely as a whole, but in all its details by the direct representatives of the people. The debate, therefore, becomes a vigorous reality, and is a real means of public instruction.

In South Africa, on the other hand, the Legislatures are precluded by the conditions of the case from touching the details. If the Conference succeeds in producing a unanimous result, the scheme is taken as a whole, and submitted to the various Legislatures of the country, simply for acceptance or for rejection. Whatever may be the constitutional law on the subject, the elected representatives of the people have in practice no power to modify the details because the alteration of one item by one State would, unless agreed to by all the others, render the whole scheme unworkable, and be tantamount to rejection by that State. The members of the Legislatures know that the scheme must be taken or left as a whole.* The debates, therefore, so far as details are concerned, lose their vitality, and do little to enlighten public opinion.

So long as South Africa is partitioned into independent Colonies, and unless those Colonies dissolve their present commercial relations, and relapse into an attitude which, in practice, would be one of mutual hostility, the fiscal policy of her people must be con-

* The request of the Transvaal Government, made at the instance of the Legislature, that the other Colonies would consent to a reduction of the wheat and flour duties, led to no result.

ducted, not on the legislative lines, which are proper to such business, but as a matter of diplomacy. The details upon which the whole depends, and which ought to be settled, and which could be settled by the representatives of the people themselves, are taken out of their hands. It is difficult to imagine a less democratic, or indeed a more dangerously undemocratic, method of dealing with one of the most important departments of public business.

The evil, to prevent which methods like this are endured, can be understood by any one who will picture to himself the condition of affairs which would exist in South Africa as it is to-day if the Customs Union were suddenly dissolved. At present railway rates and other principal sources of friction between the States are handled by the executive governments. These disputes are conducted behind the scenes. Great reticence is observed, and in the interests of the general peace the public servants of this country are striving to damp down latent hostilities. But the moment that each separate Parliament began to frame its own Customs tariff it would look to none but the interests of its own people. In some respect or other those interests would conflict with those of their neighbours, publicity would render compromise impossible, and fan smouldering animosities into a flame. Very quickly South Africa would be plunged into a Customs war, which would necessarily be accompanied by a rates war. Business would be reduced to a mere gamble, and States, as well as merchants, might quickly be forced into

liquidation. It is only a sense of the catastrophe which might wait on the failure of a Customs Conference that drives responsible men in each Colony to struggle for union of some kind, and to submit to a procedure involving an infinite waste of labour and, what is worse, unnecessary sacrifice of genuine conviction. Any self-respecting man, whether a protectionist or free trader, would far sooner be voted down in a national parliament than be obliged to compromise his convictions away to avoid a general catastrophe.

Later on there will be occasion to notice the mischief caused to the business interests of the country by fluctuations of fiscal policy. The best security, for any country which has a tariff, against constant alteration of its items is to be found in the control which an informed and educated public opinion exercises over the Legislature, and in the fact that the items of the Customs tariff, as well as the tariff as a whole, are, in the first instance, dictated by such an opinion. In countries like the United Kingdom, Canada or the United States of America, the fact that the details of tariffs have to be justified before, and accepted by, the representatives of the people, after public discussion in the national assemblies, is the best possible means of educating the public mind and of ensuring that there shall exist in the country an informed and intelligent public opinion on the subject. It ensures, indeed, that there shall be a real public opinion, and that, if that opinion changes, it will change gradually and on continuous

lines, and not oscillate and alter by fits and starts. But even if each separate community in South Africa were enlightened by a searching discussion of the measure in detail, this would, under existing conditions, do little to foster sound public opinion because the discussion would not be common to the whole country. Each community attends only to the debates of its own Legislature which is necessarily local and one-sided in its point of view. It is incapable of appreciating the benefits which other Colonies obtain from the convention. Its mind is so concentrated on the disadvantages of the measure to itself that any of its advantages either to itself or others are lost to sight in a passion of ignorance and suspicion. The consequence is that when the fiscal union is attained it meets with general dissatisfaction, dissatisfaction so great that, if the Customs tariff is adopted at all by the separate Legislatures, it is generally only because a small majority of the members dare not incur the responsibility of the consequences which rejection might involve to the credit and solvency of the country. At the same time the public dissatisfaction is active and continuous and constantly operates to create the impression that the Customs Convention cannot last, and, indeed, I am convinced that no Customs Convention can be of long duration, either in its details or as a whole, unless and until it is understood and approved by an educated and intelligent public opinion.

The argument has been directed to showing that the fiscal policy of South Africa must be subject to

serious defects so long as it is framed by the vicious procedure of a Conference between independent States. If, however, the facts are closely examined it will be found in practice to be impossible to devise an equitable measure so long as the revenue from Customs is paid, not into a common budget, but into the pockets of the various Colonial Governments. The division of revenue among the Colonies means, in many cases, that one Colony reaps most of the gain and another suffers most of the loss which accrues from the imposition of a particular duty. The Transvaal and Orange River Colony, for instance, produce no sugar and have, therefore, nothing to gain from a protective duty on the cultivation of cane. Natal produces sugar but not enough to supply the South African market; she further protects her own products by a system of preferential rates, and in this way discharges her own sugar on the inland Colonies and largely lives herself on imported sugar. Most of the high duty paid on this sugar goes into the Natal Treasury, so that while the tax on imported sugar raises the price to the inland Colonies, little of its proceeds reaches their treasuries.

Again if South Africa were united, the Customs revenue would all be gathered into her common purse. As it is an elaborate machinery involving a positive waste of public funds must be maintained in order to secure that the duty is received by the Colony where the goods are actually consumed. Such inconveniences are by no means limited to the Customs revenue. Natives are constantly moving across the

Transvaal border because native taxes there are heavier than in the neighbouring territory. Similarly the various taxes on general dealers levied in different parts of the country have produced serious inequalities in matters of trade. Commercial travellers must pay licences of varying amounts in each Colony, and a patentee to protect himself throughout South Africa must register his patent and pay fees not once but at least five times. The duties paid on the establishment of a company accrue to the Colony in which it chooses to register itself, without regard to the part of South Africa in which its actual operations are carried on.

Under a Federated Government these anomalies would of course cease to exist. So long as the states remain separate it passes the wit of man to frame a fiscal policy for them all which will not yield results like this, or to produce the benefits of union where the principle of division is maintained in fact. The clumsy methods of public business devised to get round these difficulties while serving to cloak the unnatural disunion of South Africa are miserable makeshifts when compared to the strong and simple institutions of a nation united as one people.

Part IV.

Disunion as affecting the Native and Labour Questions.

The white people of this country must never forget that they are now committed to such a path as few nations have trod before them and scarcely one has trod with success. The task imposed on them is the establishment of a self-contained and self-governing society on the basis of a race utterly removed from themselves in descent, habits, and civilisation. Australia, New Zealand, Canada and the United States of America, with the partial exception of the Southern States, had no such problem to face. The colonists of South Africa have indeed embarked on the most difficult experiment that any young nation could be asked to make. Their task is to lead upwards in Christian civilisation the natives of South Africa who are in many different stages of development. There is the educated native, whose aspirations must be regarded with wise sympathy, and there are tribes still in the stage of barbarism. Between these extremes there are many grades of development both tribal and individual. In addition there is that great coloured population, which is not native in the above sense, which has its strong infusion of white blood, which contains in its ranks many educated and valuable citizens in whom the work of civilisation is already accomplished, with many others in a more backward state, but to all of whom the whites must

manifest the desire to render friendly aid in their upward path. A more difficult or complex problem was never presented to a people, and it is ever shadowed by the responsibility of keeping order in the land and of the defence of civilisation against any turbulent or unruly element in the uncivilised masses. From the moment when the Hottentots drove the Portuguese from Table Bay and slew their famous leader Almeida, this is a question which has presented itself to the colonists of South Africa at every turn. How to secure their own personal safety is the first crude form in which that question always appears, and whenever an attempt has been made to extend the limits of settlement and civilisation the problem was bound to recur in that particular shape. The maxim that native problems lie at the root of all South African questions, contains a large element of truth.

The Imperial Government retained and recognised as their own the ultimate responsibility for repressing disorders in part of Anglo-Dutch South Africa, but declined to extend it to the whole. The primary function of the Imperial Power is to protect from foreign invasion the frontiers of all the countries united under the British flag. The duty of raising, equipping and controlling the fleets and forces necessary for the purpose to supplement and support the local military resources of each part of the Empire rests indeed with the Government of the United Kingdom; but this merely points to the fact that the institutions of the Empire are still imperfect.

The power of control over foreign policy is necessarily attached to the obligation of defence. The creation of political machinery which will enable the Colonies to assume their due share in the control of foreign policy by undertaking their due share of the obligation of defence, is the ideal which more than one Imperial statesman has set as the problem for future solution. But neither now nor at any future time can it be the function of the Imperial authority to maintain order within the boundaries of any community that claims such full privileges of self-government as those which Canada, Australia, or New Zealand enjoy. South Africa has never assumed self-government in the full sense of the word because she has never undertaken, frankly and without reserve, the duty of policing her own territory, and indeed, as Sir George Grey pointed out, she could not do so, so long as she remained disunited.

While the power of South Africa as a whole to maintain order among her population is well assured, the ability of those Colonies whose white populations are smallest under all circumstances to control unaided all the particular tribes located in each, is open to question. The organisation of a South African force which can be raised suddenly and moved swiftly to any part of the country implies in itself a federal union of some sort, but unless it is to be as ineffective as allied forces usually are, any defensive organisation common to South Africa means that it must be subject to some common authority answerable to South Africa as a whole.

Such an organisation can be formed without addition to the constabulary or volunteers at present maintained by the various Colonies; indeed it is probable that the constabulary forces might be reduced when so combined as to render easy their rapid concentration at a point of danger. An efficient body of mounted police, backed by an efficient force of militia or volunteers, a vigorous cadet movement, and a people ready to take up arms in times of grave emergency, is enough for all the needs of South Africa.

But the question of defence is a secondary problem, a mere adjunct and consequence of the primary problem of native policy. It would indeed be a hideous error to suppose that the white people of this country are discharged of responsibility by perfecting an arrangement for enforcing order among the native population. The mission they have undertaken is of a far higher and more difficult nature than that, and one which calls for the inspiration of the statesman rather than the science of the soldier. If South Africans are minded to beget a race that will stand on equal terms beside those which inhabit Europe, North America and Australia, they will need all the strength which unity among themselves alone can give. They must be one people with one purpose guided now and in after times by the foresight of the wisest leaders they can produce. The best faculties of the whole people must be used to direct all their resources in a continuous effort to attain a single and most delicate end.

No one who realises the magnitude of the task

imposed on this country will doubt that its separation into independent parts is fatal to success from the outset. Such separation means division of national strength in all its forms. It means, what is even more dangerous than this, division of purpose and plan. It means different policies, yielding different results, which, sooner or later, must come into contact and conflict with one another. In this, at any rate, South Africans, who differ fundamentally in their views as to native policy, agree, that two or more native policies, inconsistent with each other, cannot end otherwise than in confusion and miscarriage, and cannot therefore accomplish the results foreseen or intended by the exponents of either course.

No opinion is offered as to the respective merits of the different policies adopted in dealing with the natives by the various Governments. But the fact that there are at any rate five or six different native administrations in South Africa, all of them independent of any one South African authority, is indisputable. All experience goes to show that those administrations will each of them differ, the one from the other, and that different policies applied at the same time in different parts of the same country, to the same races, the members of which are in constant communication with one another, must together defeat the object at which each severally aims. The general result is sure to be something utterly unlike what any one of them was intended to produce, and proceeding from policies which are inconsistent and

causes which are uncontrolled will be accidental if not disastrous in its effects.

The problem as it presents itself in South Africa is indeed momentous so far as her own future is concerned. The best hope for her success in the exceptional task she has undertaken rests in the positive and unmistakable form in which this problem is presented. The situation is startling, because it is without precedent. No reasoning man can live in this country and doubt that the existence here of a white community must, from first to last, depend upon their success or failure in finding a right solution of the coloured and native questions, or, in other words, upon the wisdom they can show in determining the relative places which the white, coloured, and native populations are to fill. History will record no nobler triumph than that of the people of South Africa if they extend the hand of sympathy to the coloured people, who are differentiated from the natives by their infusion of white blood, and to the educated native, and if they succeed in peacefully leading on the upward path of Christianity and of civilization the vast tribes who are beginning to emerge from barbarism.

One solution South Africa, left with the undivided responsibility of dealing with native affairs, will never attempt, and that is the introduction of slavery in any shape or form, and for the simple reason that the people of South Africa recognise no less than those of Europe or America the obligations imposed upon them by the ideals of Christianity and of civilisation.

Beyond this unhesitating expression of opinion as to where the solution of the problem cannot lie, and will not be sought, it is unnecessary to venture. It is sufficient to say that only when full responsibility is assumed by the people of this country as a whole will the wisdom to foresee, the courage to begin, and the endurance to persevere to the end, without which no native policy is worth calling a policy at all, be summoned into action.

Closely interwoven with the native question is the labour question. As things stand at the moment, the business of the whole country, of agriculture, mining, manufactures and industries of all kinds depends on the number of natives that can be procured and set to work. The scope of these industries in no way coincides with the five or six administrations amongst which the control of the labour supply, indigenous to the country, is split up. Her local resources of labour cannot be turned by South Africa to the fullest use, until she is able to exercise some measure of general control over all parts of the country. Till then they must remain, as at present, in great part unavailable and ineffective. On every side may be seen the same absence of control over national resources, crippling her development and revealing itself like some radical disease in symptoms so various that it is often difficult to trace them to their common source. As I have said, the labour question affects industries which ramify all over the country. If the mines absorb the available supply, agriculture is arrested. If the development of the mining industry is starved

for want of labour, the farmers of Malmesbury lose their markets, the merchants of Natal and the Eastern Provinces their business, and the value of property everywhere declines. But the labour question is handled by administrations which have little or no relation to the scope of these industries. The question is dealt with piecemeal in different parts of the country, with this unfortunate result, that so long as each aspect of the question is dealt with apart it cannot in practice be dealt with on its merits. It is as though the labour question, which affects the whole trade of the United Kingdom, could not be dealt with in the Imperial Parliament, but could only be handled by County Councils.

In South Africa, far-reaching questions of national importance come up for discussion in one of several local Parliaments. If the particular quarter of the country where they arise happens, for the moment, to be the storm-centre of the country, all South Africa concentrates its attention upon the place where the question is under discussion. A just sense in the minds of the other communities that they are powerless to make their opinion felt and that one section is able to prejudice the future of all inflames them to a fever. Bereft of power to act and responsibility for action, political parties throughout the country lose the faculty of deliberate and sober reflection. To whichever side of the dispute men's opinion inclines, prejudice usurps the place of judgment and so distorts their vision and stops their ears, that they become blind to facts and deaf to reason. All this

reacts on the community immediately concerned, and there too the question ceases to be handled by either side on its merits. An atmosphere of contradictory alarm is created, in which public opinion becomes demoralised, impotent, and therefore negative. It rebels in turn against every solution proposed. Feeling instinctively how powerless it is to control its own affairs, it appeals to public opinion in the United Kingdom, and from that moment onwards a matter closely affecting all South Africa, which in Canada or Australia would be dealt with at once by the Parliament of the Dominion or Commonwealth, becomes a question for the Imperial Government and perhaps an issue at the elections of the United Kingdom.

On the other hand, a question which affects all South Africa in the most vital manner may be raised in one part of the country, which, for reasons that have nothing to do with the matter in hand, is for the moment somewhat withdrawn from the public eye, and then things are done without criticism which may end by changing the whole complexion of South African society. A question of immense importance may be settled for the whole country for all time, without its knowledge and contrary to its will.

An example of the first tendency is the Transvaal labour question which has now convulsed the country for the last three years. It is much more than a sordid struggle between avarice on the one side and prejudice on the other. Its intensity is due to the presence of men on either side who feel intuitively

that the results of the issue will be felt in every part of South Africa. The one party sees the dangers which may follow a serious collapse of business, the shrinkage of white population, failure to justify the investment of vast sums in the country, damage to the credit of all South Africa. The other side, knowing that a false step in a matter of principle or in the question of population is a mistake that a country can never correct, is in dread lest imported labour for the mining industry may lead to a relaxation of standard or to its extension to agriculture, or even end in the settlement of a vast Asiatic population on the soil of South Africa. Both parties are looking at the question from the South African point of view, and both are animated by the sense of responsibility for the future, which in any country is the most valuable faculty its people can possess. If either party supposed that the effects of whatever action the Transvaal is able to take could be limited to that part of South Africa, the problem though still of very great, would yet be of relatively minor importance. But everyone knows in his heart that in so far as the Transvaal can decide this question at all, its decision will affect credit and may affect the structure of society throughout the whole country. No one who had carefully studied it would suggest that the importance attached to this question was exaggerated. On the contrary, it deserves all the attention that people in this country can bestow upon it, although, as indicated above, the political conditions of South Africa are at present such as to make the consideration

of the question by South Africa as a whole on its merits impossible.

When all this is admitted, one cannot fail to remark how inadequate was the attention paid to a similar experiment carried out not many years before in another part of South Africa, on lines which made it practically impossible for the action then taken ever to be reconsidered. Imported labourers in the Transvaal are, under the existing law, repatriated at the close of their contract. Those in Natal are free to remain and are in large numbers becoming incorporated in the social system of South Africa. In the Transvaal the coolies are limited by law to unskilled labour. At the end of their indentures the Natal coolies are free to compete in occupations of all kinds. But there are two other differences of even greater importance than these. The Rand mining industry is not a permanent industry. Compared with the whole future before this country its life will be as an incident in its history. But in Natal the most permanent and fundamental industry of the country is being established on the basis of Asiatic labour. No natural termination to the experiment is in sight, and the further it is carried, the more serious would be the dislocation and ruin which would result from any attempt to remove the basis upon which it rests. At any moment the Transvaal is free to reconsider the question of imported labour for the mines in the light of experience. Every year that passes commits Natal more deeply to Asiatic labour. Indeed so far has the matter gone that no national

government could now reverse the system or would ever attempt to do more than arrest its indefinite extension in the future. Lastly, gold mining is the least competitive of all industries. As a matter of fact, if the Rand mines are worked with imported labour it should be so much the easier for other mines and other industries elsewhere to obtain native labour. If, however, Natal, by the use of cheap Asiatic labour, establishes agriculture, manufactures, and other competitive industries, with such success that she begins to produce more cheaply than other parts of South Africa, in sheer self-defence they also may be forced to adopt the same expedient. It is hard indeed for the farmers North of Laings Nek to see their neighbours across an invisible line obtaining labour at half the wages which they themselves are obliged to pay, or for manufacturers in Cape Colony to find themselves undersold in the markets of South Africa by the products of factories where cheap labour, which their own law forbids them to hire, is employed.

I am not arguing either in favour of or against the employment of Asiatics on the mines or on agriculture or in the industries of Natal. I am merely concerned here to point to the fact that both are questions in which the future and prosperity of all South Africa, and not merely of one part of it, are involved. I do not myself believe that the labour question as a whole can ever be settled with any finality until it is settled by the country as a whole in a Parliament where all interests and all sections of South African society are

represented. Those representatives will quickly apprehend that the consequences of whatever is done are felt in time as acutely 600 miles away as in Natal or as in Johannesburg itself. The decision of such a Parliament would carry with it some sense of finality. For the interests which ask for imported labour a decision in their favour is of little value except in so far as it can be regarded as final. It is not enough for an investor to feel that a supply of labour is available now. He must also have some measure of assurance that it will continue to be available until his money is repaid him with interest. On the other hand, if the decision is to be against them, it is far better for them as well as for the whole country to know it at once and once for all. If all South Africa was united under one Parliament it is clear that, where no principle of Imperial law or policy was involved, questions affecting the whole country would be settled there out of hand, as they are settled in Canada and Australia. Such a Parliament would beget, what cannot exist without it, an informed public opinion on South African affairs. It would bring into existence a class of men throughout the country accustomed to reflect on questions as they affected it in every part. Above all it would beget a sense of stability and certainty in respect of all the conditions of industry and of business.

Part V.

Disunion as affecting the Economic Position.

From the commercial point of view unity implies freedom of trade between the various interests and parts of one country within the limits of its national frontiers. National unity has not been realised so long as the business of one section of the people is artificially protected as against the enterprise of another section of the same people. Each member of the nation, and each community inside that nation, must be free to develop the natural wealth of the place in which they live, and to reap from it such fruits and no others as their own skill and energy can bring its resources to produce. The union of England and Scotland meant freedom of commerce, in law and in fact, between the two. In America in 1785 there was in existence a continental congress in which the separate States were represented, which had been formed as the expression of their united determination to achieve independence and in whose name the war of independence had been carried on, but this congress was the mere shadow and not the substance of union, so long as each of the separate States was protecting its own commercial and industrial interests against those of every other. The constitution, under which America was united in 1788, effected a real union and established America as a real nationality, because, while ample powers of local government were secured to the several States, freedom of trade between those States and

within the limits of the national union, was established by that compact.

South Africa, while attempting to accomplish unity of commercial and industrial development by the establishment of a Customs Union, has not in fact done so. A restricted measure of free trade was established between Cape Colony and the Orange Free State in 1889, and Natal was included in 1898. Meanwhile, a wholly new factor in the economic situation had come into play in the shape of competing railway systems. In America commercial union was achieved merely by the inclusion of all the States in a Customs Union. Railways were not then invented, and when afterwards introduced were controlled, not by the States, but by private companies trading for profit. Had the Government of each separate State undertaken the building of the railways, each would have had the power, and therefore the temptation, to frustrate the intention of the Customs Union by adjusting the railway rates in its own interests, although in certain cases the great water-ways would have restricted the abuse of this power. The private railway companies naturally entered into keen competition with one another, and rates were determined to a great extent by such competition, just as they are fixed by competition between the various companies in England. The fixing of such rates was in no way a matter of state policy except in so far as Government interfered by legislation to prevent discrimination as between individuals.

In South Africa before the recent war the railways were owned by the States except in the Transvaal, and even there they were very closely identified with Government policy. Each Government therefore controlled the railway rates on its own system, and held in its hands means no less powerful, and in many instances more powerful, than customs tariffs for the protection of its own industries as against those of foreign countries or even of the neighbouring States. Between customs tariffs and railway rates as an instrument of protection there is a difference which is all-important. A customs tariff once framed is comparatively simple of application. It consists of certain fixed duties leviable on certain classes of articles at the ports of entrance, and these duties by reason of their comparative simplicity of application can be laid down in the form of a law by the Legislature of the State. Railway rates on the other hand are of the nature of payment for services rendered. They require constant adaptation to changing circumstances. Even the simplest railway tariff involves a minuteness of detail and a flexibility in adjustment quite incompatible with the nature of a Legislative enactment. The fixing of railway rates is therefore, at any rate within wide limits, in practice left to the executive government and as a consequence it lies within the power of the executive, by an adjustment of railway rates, to protect its own interests as against those of other members of the Customs Union. A Government which administers its own railways is always exposed to an accusation by one section of

the community that it is endeavouring to give an unfair advantage to another section, and the tendency is accordingly to adopt a rigid uniformity in regard to rates which detracts very seriously from the efficiency of the services rendered by the railways to the commerce and industries of the country. To avoid this evil and the opposite one of constant manipulation of rates for political purposes it is necessary to interpose some strong permanent executive body between the Minister directly responsible to the people and the railway management. When, however, as is the case here, adjacent Colonies each owning its separate railway system are competing fiercely for the carrying trade to the interior, questions of railway rates are too keenly contested to allow of their being removed from the political arena. The consequence is that the power of fixing rates is used not only in the interests of the rival ports but also as an instrument of protection for the products of each individual Colony.

A Customs Union therefore while it may exist in the letter as between the various South African Colonies may be completely frustrated for all practical purposes. For example, since 1903, the policy of the C.S.A.R. has been that over its system (*i.e.* on the railways of the Transvaal and Orange River Colony) no differentiation should be made in the rates on particular articles, whether they are produced locally or imported from over-sea. The measure of protection now accorded to the local product is that set out in the Customs Tariff and nothing more. In the Cape

Colony and Natal, however, the opposite policy has for long prevailed. At the Customs Conference of 1906 a determined effort was made by the inland Colonies to obtain uniform railway rates throughout South Africa without differentiation in favour of local products, and this was to a large extent successful. It is still true, however, in the case of certain articles (as it previously was of many others) that the protection given in the Custom Union Tariff is largely increased by the effect of preferential railway rates, and it follows also that instead of there being one policy in South Africa as to protection of local products, as might be inferred from the existence of a Customs Union, that policy varies in the different Colonies just as much as it might if there was no Customs Union at all. Owing to the complication of the subject, assertions that protection is being given to local products through the medium of reduced rates, are equally difficult to prove or disprove, and any system which tends to make each community in South Africa regard the others with suspicions that can neither be justified nor removed, is a great mischief.

So long as the railways are in the hands of competing companies, rates will in the end be determined by the ordinary forces of supply and demand under competitive conditions, subject to such statutory restrictions as may exist to prevent undue preference in favour of individual interests. Where, however, the State controls the railways the fixing of rates is inevitably affected by certain considerations of public policy. It is clear that such considerations should be

laid down only after they have been fully discussed and accepted by the people as a whole in the general interests of the country and that subject to such considerations the railway tariffs should be left as far as possible without interference to adapt themselves to the natural requirements of the commerce and industries of the country.

The present position in South Africa, however, is such as to invite the maximum amount of interference with the natural adaptation of railway tariffs to the commercial and industrial requirements of the country and to prevent the possibility of agreement on any general principles of State policy within which an Executive Government could be left to frame what may be called a natural system of rates. The result is that rates are fixed upon no scientific or permanent basis. They are subject to political influence of all kinds, which prevent them from adjusting themselves to the natural conditions of commerce and industry. So long as rates are determined rather by political exigencies than business principles they will add to the uncertainty of the conditions upon which the trade and industry of the country depend, and hinder their development on natural and healthy lines.

The effect of these observations may be summarised as follows. The management of the South African Railways in separate sections, each controlled by a different Government, has produced a system of rates which does not respond to the natural demands of trade, is highly unstable, and defeats the intention of the Customs Union. The general result is great

uncertainty in the conditions of business so far as they are affected by rates and custom.

But the markets themselves are in the highest degree unstable because they depend to a large extent on the mining industry, the development of which is checked for want of labour and of capital. This uncertainty as to the future of the mining industry is making itself felt in every business throughout the country, and not least if the truth were known in the agricultural industry itself.

But to what is the scarcity of capital due? The gold and diamonds are in the ground; the quantities in which they are present can be predicted in most cases with unusual accuracy; the mechanical cost of extracting them is measured with greater exactness every year. The mines may even in special cases have sufficient labour in their compounds and yet the money necessary to recover this almost visible wealth is not forthcoming. One party asserts that this difficulty in obtaining money is due to an uncertainty as to how long the present supply of labour will remain available. Another party declares that money is scarce because it is frightened away by the speculative habits of business which have grown up in connection with the industries of this country. But in this all agree that reluctance to stake money on mining enterprise is due to uncertainty of some kind in the human as opposed to the physical conditions of South African business. The instability is political and moral rather than natural, it is not in the soil but in society itself.

Every business man knows how fatal to the growth of enterprise, uncertainty as to customs, railway rates and the market must be. Whenever he thinks of establishing a factory or a business of any kind he sits down first of all to calculate what return may be expected from the capital he proposes to invest. The question whether the existing market for his products will be maintained and what customs duties and railway rates, not only he, but his competitors in other countries or parts of this country will have to pay are three of the most important elements in his forecast. The value of that market and the exact amount of the customs duties and railway rates at the moment are not nearly so important as the question whether they are to be equally advantageous in the future. If a biscuit maker in Johannesburg finds that the state of the market, the amount of railway rates and customs duties are such that he cannot compete with imported goods he simply does not invest his money in the business. But his capital is not lost and he can still invest it in some other business, perhaps in this country, perhaps in another where, though the return may not be so great, the risk of total loss is far smaller. If, however, these conditions are such as to encourage him to invest that capital in a factory and machinery, and then, in two years, they are so altered as to render further competition impossible, his capital is lost, and grievous hardship is caused, not only to himself, but to a number of workmen who have settled in the country on the strength of the employment he was

able to give. Uncertainties of this kind damage the working class even more than investors.

Exactly the same considerations apply to a merchant at Port Elizabeth. He, as a business man, sits down to consider the natural conveniences of the various ports of South Africa, and calculates that the advantages of Port Elizabeth are such as to ensure to it a certain proportion of the trade; he builds his warehouse and engages his staff accordingly. His market, however, at the other end of South Africa is in a country which is under another Government with local problems and interests of its own, in view of which that Government, for reasons of which the Port Elizabeth merchant knows nothing, and the force of which he cannot understand, makes an arrangement which deprives that port of the advantages which it previously enjoyed. His capital is no longer in a liquid form, which can be carried to any part of the world and be converted into wealth of any kind; it is fixed and located in one particular spot in the form of bricks, mortar, and plant. Nevertheless, by a stroke of the pen made 600 miles away, he has lost the whole or at least a part of its value. It is not beyond the bounds of possibility that, in years to come, some new political manœuvre might alter these conditions as against the Transvaal. If, for instance, the Government of Portugal were to enter into an understanding with the Governments of Cape Colony and Natal, the whole position would be reversed once more, and the conditions which existed when the coast Colonies levied what duties they

pleased on the Inland States would be revived. Changes might then be made in the elementary conditions of business, upon which the industries of the inland Colonies have been based, such as might ruin them, and those changes would be made by administrations over which the business men of the inland States had no control. In a word, fluctuations in political conditions mean constant destruction of capital.

The amount of capital which investors will venture in this or in any country depends first of all on the value of its resources, a factor which nature has fixed and man cannot alter; but it depends no less on the political conditions under which those natural resources have to be exploited, and those conditions are determined not by nature, but in a self-governing community, by the people of the country themselves. In no business in the world are the conditions absolutely certain; as all human affairs are mutable, it is always a question of degree. Capital can nowhere find absolute stability, not even in the consolidated funds of the United Kingdom, and as the supply available in the world at any time is limited, it will tend to gravitate to that part of the world, where, other things being equal, the greatest measure of certainty in political conditions has been attained, or in other words where industrial and commercial conditions are assured, so far as it is within human power to assure them. Before any community can hope to prosper, its political institutions must be such as to afford each citizen a certain measure of

security that he will reap where he has sown; and the better the security they give the greater will be the prosperity of the country in the end.

All this will be readily admitted, but can any South African who reflects on the institutions of his country flatter himself that they are calculated to secure the utmost measure of stability in business conditions? So long as railways are divided between a number of jealous administrations, rates will continue to be the sport of political exigence; they will be fixed more in obedience to local agitations than to suit the natural demands of trade. The Customs Convention rests on no foundation of enlightened public opinion, and business men dare not trust to the maintenance of its provisions. The instability produced by the uncertainty of the labour supply has been already mentioned. It follows that everything is felt in practice to be unstable and want of confidence affects every business and industry in the country. Despair of developing its natural riches by labour, forethought and calculation teaches men to treat business as a gamble and to look for fortunes to the variations of the market rather than to hard-earned dividends. The minds of the men and the habits of society have conformed themselves to the defects of the system under which they live. The instability of political institutions has reproduced itself in methods of business, until South Africa has come to be regarded more as a place for speculation than the home of serious enterprise.

All these defects in its system have been at once

concealed and aggravated by the great rapidity with which certain sources of wealth were discovered. In the last thirty years repeated discoveries of precious stones and metals have lifted the economic conditions of the country up many steps in the ladder which other countries have taken far longer periods to climb. That process, by reason of its rapidity, produced in the meantime conditions which were abnormal and therefore misleading. From 1886 onwards the presence of enormous quantities of precious minerals in the ground was ascertained in a comparatively short space of time, and the recovery of this buried wealth in future years was to a great extent anticipated in the shape of enormous prices paid for the mining ground. As reported to Mr. Chamberlain the estimated worth in the eyes of the public in December, 1902, of the right to recover in future years the gold contained in the Witwatersrand was no less than £173,126,414. Some of this value, of course, went to enrich investors in Europe, but there is no doubt that a great portion of it was represented by wealth which, in one form or another, remained in the country. South Africa, in fact, inherited such a series of unlooked-for legacies that she mistook and still mistakes them, as well as the expenditure on equipping the mines, for normal and continuous revenue. It is sufficiently obvious that the discovery of these huge values was bound to produce for the time being an amazing prosperity. Fortunes were made as they have never been made in South Africa before or since. Men rapidly learned to regard these

conditions as the natural order of things, and to expect that, even after a devastating war which had dislocated the whole fabric of society, fortunes would again be made as rapidly and wealth would again be as plentiful as in the days when the potentialities of the Rand were yet in the course of discovery. The fact is that the wealth was discovered, and became suddenly available on such a scale as must for the time being have overcome defects, however great, in the organisation and government of any country. In the worst governed countries such defects would have been veiled for a time. Similarly, fresh discoveries on the same scale would again yield a period of brilliant prosperity, and would most certainly be followed by a corresponding period of chaos and depression, even without the extraneous circumstance of a war, as soon as the public throughout the world had lost its fever for speculation, and the actual recovery of the gold was recognised as a problem which depended on the finding of the necessary labour, and the other common-place conditions which everywhere govern the development of industries. So long as the burst of prosperity lasted, all subsidiary industries and undertakings, even the great industry of agriculture itself, would find that capital was obtainable in plenty. One effect would certainly be seen in an increased disposition to look to speculation for the acquisition of wealth, instead of depending on industry, forethought, and patience for the conquest of natural obstacles. The more rapidly fortunes were made, the wilder would speculation become, and the

deeper and more lasting would be the period of depression which would soon follow. Once again men would find that capital, their first necessity, if the looked-for development of industry were to be realised, would avoid the country because the labour required to realise the value of the new treasures which had been found and sold was not forthcoming, and because the calculations of business men were constantly falsified by political changes in fiscal and industrial conditions.

It cannot be urged too strongly that the people of this country, collectively and individually, should cease to depend for their prosperity on the discovery and sale of new mineral assets. Wealth, the presence of which has already been ascertained, exists in such abundance as will afford employment for generations, and may become the source of extensive developments on a great scale, if only the people of this country have the fortitude to secure that the conditions of the society in which they live shall be brought within their own control. At the present moment they are, in many important respects, under no effective control at all.

The consequences of disunion on the law have also to be considered. Law is what defines and enforces the relations of each individual in a society to all the rest. It therefore prescribes the rules in accordance with which business and commerce must be carried on. Business in great part depends upon a knowledge of those rules, and on seeing that what is done complies with them, and if the rules are multifarious, and

subject to constant change the difficulties of business are increased accordingly. The present system of South African Government means that there are at least five different sets of rules made by as many different legislatures, and that, therefore, they are several times more liable to be changed than if there were only one. A South African company, for instance, may be formed and regulated under many different laws, and it is open to promoters to register under whatever law allows the freest scope to unscrupulous dealing. To take another and a simpler instance, the law of weights and measures varies in all parts of the country. A foot and a ton may mean one thing in one place and another thing in another place. The Government of the Transvaal, after obtaining information and advice from all parts of the commercial world, prepared a law of weights and measures which was sent in draft to all the Governments and commercial bodies of South Africa. The bill was pronounced to have been admirably conceived and framed, but from many neighbouring Colonies it was urged that it should not become law in the Transvaal, unless all the legislatures of South Africa could adopt it simultaneously. Now if this were possible at all, it could only be done by such a process as in the case of the Customs Convention involves an intolerable waste of labour. Meantime, it is open to all the different legislatures to vary the law inside their own jurisdiction, and within the last four years, the law has, to a great extent, been so varied in the Transvaal.

But there is another and even more important class of law, the common law which is developed by the interpretation of judges in the Courts. Until South Africa has a common Court of Appeal a different and inconsistent common law will tend to develop in each of the separate States. Appeals to the Privy Council in England are expensive and slow, and therefore too seldom made to secure that South Africa shall speedily develop one system of common law which operates equally throughout the country. That task can only be performed with effect by the establishment of a South African Court of Appeal as one of the necessary institutions of a South African Government.

A confused legal system is a drag on enterprise, and its paralysing effects are all the more dangerous because they so seldom meet the eye. Perhaps it is more noticeable to a new comer than to one who has grown up under these conditions, and has come to accept them as the established order of things.

In these pages I have pointed out that the division of South Africa produces in many different respects a liability to change and an air of uncertainty which tends to discourage the investment of capital. The examples I have used point to another of its evil effects, in crippling the power of Government to remove obstacles from the path of enterprise. The improvement of the agricultural industry is among the first objects which public policy has in view. We are beginning to see that South Africa is still a very new country, and that the methods by which stock

can be raised and crops grown to the best profit have yet to be developed by experiment and research. The knowledge so gained to be of any use must be applied in two ways. One part of it must be taught to the farmers themselves; they must be trained by such a system of public education as exists in America to become experts in the art of agriculture as applied to this country. But the discoveries of science which relate to pests of all kinds whether locusts, or the diseases of plants and stock, can, for the most part, be applied only by the agency of Government itself. As things are, inaction on the part of one Government may go far to defeat measures taken at great expense by the others. Every practical farmer will see that effective attempts to eradicate pests must be carried out from one end of South Africa to the other. At this moment the swarms of locusts which threaten the farmer with disaster are a reminder that boundaries, which divide the strength and sympathies of the people, set no limits to the progress of the plagues of nature. Vigorous steps taken in the remoter parts of this country during the last two months under the direction of a strong central authority would have cost but a tithe of the value of crops now doomed to destruction. From the public press it is evident that practical farmers are realising what a direct effect on the development of their own industry the divisions of the country are having.*

The shipping combine is another illustration of the want of control over business conditions due to

* See letter of M. C. G. Lee in *Ons Land*, September 27, 1906.

disunion. It is not assumed that the Conference which controls that combine does, in fact, as a great number of importers in this country believe, abuse the power it holds over shipping freights. Even if it is assumed that it does not, is there not, at any rate, a danger that a great monopoly, exempt from the effective control, whether of competition or law, should come in time to use its position for the exclusive interest of its shareholders and to the prejudice of its customers? If South Africa can trust her commerce permanently to the unfettered control of any shipping ring, the case against trade monopolies falls to the ground. So long as the companies are united, and she remains divided, a combination can always break up a temporary alliance between the several Governments by making concessions to any one of them. As soon as one Government controlling the railways and harbours can speak for all British South Africa, it will, at least, be within her power to arrange with the Shipping Conference the conditions of her sea-borne traffic on a footing of equality, and to discuss as a question of business what otherwise she must ask as a matter of favour. At present the whole sea-borne trade of South Africa is controlled by one private corporation, which, of course, has no responsibility to the people of the country, and the mercantile community must recognise that unless an unforeseen competition is conjured out of the deep the power of that corporation must remain absolute so long as no single control can be exercised over the ports. It has been shown how powerless disunion has made South

Africa when dealing with a single foreign country. The same considerations apply to all her relations with any carefully organised union of private interests. She can only deal with them on equal terms by applying the lesson which they themselves have learned from the conditions of their business.

If anyone doubts the mischievous effects of political disunion on business, let him ask an American whether he thinks that the enterprise of his country could have advanced to its present stage unless there had been some law or administration common throughout them all. Or let him take the case of Great Britain, and suppose that not only Scotland and Wales, but also the Northern, the Southern, the Eastern, the Western, and the Midland Counties of England had grown up as separate and independent units of Government, and then picture to himself what the effect on its commerce and industry would have been. If he will go on to reflect that in South Africa a people little more than a million in number are attempting to administer the country, and to make laws in six or seven different districts all independent of each other, he will wonder not that enterprise is brought to a standstill, but rather that it ever advances at all. Not until she has enjoyed twenty years of united government will it be possible even to guess how far her prosperity may develop.

Material progress is by no means proposed as the purpose of national life. To be strong, free, and self-controlled is the end to be diligently sought, and where this is attained prosperity will be added. Lack

of self-control is the essential evil, not the misfortunes which weakness brings in its train. If the people of South Africa will seek as the one thing needful the faculty of political mastery over themselves; if, in a word, they can rise to the idea that the nationality itself must rule, and not be ruled by the elements of which it is made up, prosperity will follow as it must wherever chaos gives place to order. Increase of wealth is not the object, but merely one result of national well-being, and to seek it as the first purpose of public policy is to miss that and all else that is worth having as well.

Part VI.

National Expansion.

Reference has been made to the deep concern which Washington felt for the vast and vacant lands behind the thirteen states of the Atlantic Coast, when first united by the foundation of the American Nation. Beyond all comparison the most important result of that union was seen in the control which the United States were able to exercise from the first over the development of the back-countries. New states sprung into existence in the wilderness, but the form which they took was determined by the people as a whole, and they grew up not as new units with conflicting interests, but inside the community of the nation as parts of the whole, and subject for national purposes to the authority of the whole. This also was the case with Canada, whose vast hinterland was

controlled by the Hudson Bay Company. Not until the provinces were united under the Dominion was Canada able to limit the Company to its proper sphere, the trade in furs, and open up the North-West Territories to the occupation of her own increasing people.

The space on the surface of the globe is limited, and any portion of it assigned to a nation is given them by way of trust rather than in absolute ownership. Their tenure must, in the end, depend upon whether they are able to bring it under effective occupation, and history shows that, unless this is accomplished, it is generally taken from them, and given to another.

South Africans remembering this should look north to the Zambesi, and ask themselves who is to control the settlement of Southern Rhodesia, a great country, at present supporting no proportionate population. As the world becomes more crowded every day the occupation of a country like this becomes a matter of pressing importance. Its development may be delayed, but it cannot be prevented, and if there is one warning to be read more plainly than another between the lines of South African history, it is that which points to the unwisdom of allowing the political organisation of the northern countries to take place in utter independence of the community already established to the South.

Is this history of mistake to repeat itself once more ? The answer lies with South Africa herself.

A country great in area still remains to be settled ;

but neither Cape Colony, Natal, the Orange River Colony, nor the Transvaal can now take any share in the task of its development, nor are the 12,000 white persons thinly scattered about its surface strong enough to bear that burden alone.

The shareholders of the British South Africa Company have stepped into the breach and shouldered the burden, but can or ought the Administration of the Chartered Company permanently to endure? The alternative is that which was adopted by the United States and Canada. An alternative which, translated into the terms of South Africa, means the control of the development of the Northern Territories by the united peoples of Cape Colony, Natal, the Orange River Colony, the Transvaal and of Southern Rhodesia herself. The people of Southern Rhodesia can take the same share in that development as the emigrants who left the United States and the old provinces of Canada and settled in the vast territories which either of those Governments controlled. So soon as an area of sufficient size was occupied by an adequate population, it was constituted as a new state or province by the act of the Federal Government, and incorporated on an equal footing with the older states of the Confederacy. But even before that step was possible, the white inhabitants of these territories had their own representatives to speak for them in the national parliament. From the very outset each individual stood on a footing of political equality as a member of one great nation.

The importance of the Canadian precedent will be better understood from the following account:

* 'We have already dealt with the affairs of the Hudson's Bay Company down to the end of the fifties and seen that, at this time, a final settlement seemed as far off as ever. The political circumstances, however, of Canada precipitated a decision of the question. When once confederation came within the sphere of practical politics, the further question naturally arose, should not British Columbia form part of such a confederation; but if so was it to be tolerated that it should be severed from Canada by a tract belonging to an independent company, which at one time talked of selling its rights to Anglo-American capitalists; and so, among the subjects on which Canadian representatives conferred with the Home Government in 1864, was the settlement of the North-West and the claims of the Hudson's Bay Company. The Company had been reconstructed in 1863 amidst loud promises of a new policy, but in fact nothing was done and in 1866 the shareholders condemned and rejected the policy of colonisation absolutely and definitely. The union of British Columbia and Vancouver Island was effected in 1866 by an Imperial Statute. The original intention was that the Hudson's Bay Company should come to terms with the Canadian Government under a section of the British North America Act, but it was afterwards held that, as the claims of the Company were based on a Crown Charter an Imperial Statute was necessary. An Act was therefore passed enabling the Crown to accept the surrender, upon terms, of the rights of the Hudson's Bay Company. It is unnecessary to enter here into the lengthy negotiations with regard to the price to be paid to the Company for the surrender of their territorial rights. The Company was a powerful Corporation with men such as Lord Kimberley or Sir Stafford Northcote for Governors, served by very able officers and, doubtless, could protect its own interests. The North-West Territories were finally purchased in 1869 for £300,000, and the new province of Manitoba was carved out of them. To us the important point is that henceforth the way was clear for a confederate

* *A Short History of British Colonial Policy*, by H. E. Egerton, p. 372.

dominion to stretch from ocean to ocean. "A new nation," "a fresh power" had been called into existence and the dream of Lord Elgin had been fulfilled, that it was by creating such a country as might fill the imagination and satisfy the aspirations of its sons that the danger of absorption with its great neighbour might be for ever set at rest.'

The position of the Hudson Bay Company in the North-West territories of Canada closely resembles the position of the Chartered Company in the Northern Territories of South Africa. A more exact analogy would be difficult to find. To underrate the value of the work done by chartered companies is a very common mistake. As a matter of fact the foundation of nearly every new country, except the Antipodes, has been effected through their agency. Such rapid action and bold enterprise as is needed for this work in its initial stages comes more easily to a semi-private corporation than to a government. Whatever criticism may be made of the chartered company it must never be forgotten that it saved the hinterland to South Africa. For any European flag other than that of Great Britain to have waved over the countries between the Limpopo and Lake Tanganyika would have been regarded as a calamity of the first order by everyone who regards himself as a citizen of South Africa. The development there of a foreign community must have arrested the growth of South Africa herself and plunged her for ever into the whirlpool of European politics. The British South Africa Company has performed a service of the first magnitude to South Africa and to the British Empire.

But a company is one thing and a government is another, and when once the foundations of the new society are laid the conflict between the duty of the company to its shareholders and its duty to the settlers begins, and eventually becomes irreconcilable. The function of government must then be separated entirely from the function of trade. In Southern Rhodesia the two are so closely involved together that, as in Nigeria, the acquisition of the Company's rights by the state may prove the wisest policy. The longer this problem is postponed the more difficult and the more expensive will its solution become, and if South Africa desires to emulate the destiny of the United States and Canada she cannot place herself in a position to grapple with this question too soon.

British territory stretches beyond the Zambesi, far away north to Lake Tanganyika. In whatever degree this great region is a country where white men can work and thrive and multiply, by so much will the opportunity of expansion inherited by South Africans through the British Empire be increased.

Part VII.

The Function of National Institutions.

It will now be seen that the disunion of South Africa means an absence of control in every part of her common affairs. One section of the people can dominate the rest by means of their railway policy, and dislocate their interests by a stroke of the pen

without reference or responsibility to those affected. Railway rates are used for the protection of local industries and cannot be fixed in accordance with the general demands of trade. The Customs Convention is a compromise framed in accordance with no clear principles in such fashion that public opinion never willingly accepts its provisions. A continuous supply of labour required to maintain the principal sources of wealth depends on questions which cannot be settled piecemeal and cannot therefore be settled at all. As a consequence business rests on shifting foundations and inclines to speculation rather than to enterprise, a tendency which is further increased by a complex, variable and discordant law. Native policies so different as to defeat each other's intention, complicate the problem as a whole and paralyze any movement towards its solution. The various Governments endeavouring to deal with the questions between them by negotiation, waste their strength and often fail; while the weightier matters left unsettled drift to worse disorder. As friction increases, voluntary co-ordination between the various communities becomes more difficult to secure. In the last resort the Imperial Government, or its representative in this country, is forced to step in and endeavour somehow or other to assist South Africa to settle what she cannot unaided settle for herself. Such interference from without in the domestic affairs of a Colony is the negation of the principle of self-government which is supposed to be established in the different parts of the country. It is fraught

with the same danger to the Empire and Colony which attended this practice seventy years ago, and though necessary to prevent disaster operates to increase the uncertainty of conditions in this country and its reputation for unsteadiness. The upshot of the whole defective system is seen in friction, miscarriage, waste of strength and general arrest of progress, in a country of marvellous resources peopled by a hardy and vigorous race.

I have shown how difficult it is for the various Governments to arrive at an agreement on the many matters which affect them in common. But even where, as in the case of the Customs Convention, such an agreement is attained, it fails to produce a condition of stable equilibrium. It is accepted grudgingly as the only refuge for the moment from a worse evil, but the people are unconvinced and distrust what they do not understand. Beyond securing union it represents no policy thought out and adopted by them. It is bound up with all sorts of other questions in respect of which there is no general knowledge. The local legislatures have this effect, that they present particular sides and parts of great South African questions to each section of the people as if they were the whole question. There is no machinery to secure that the people as a whole shall know and consider their affairs as a whole. There is nothing which enables the public in each locality to realize the different troubles, all due perhaps to the same common cause, which are pressing on other communities in distant parts of the country. The

truth is that neither cabinets nor parliaments are the guiding and steadying principle in public affairs, but the public opinion by virtue of which they act. What impresses thoughtful observers of British politics is not their vacillation, but their marvellous continuity in the matters which are fundamental. The changes which take place in such matters resemble the growth of an organ rather than the violent operation inflicted by the surgeon's knife. And yet, unlike the American Congress, Parliament is omnipotent, and by a strike of the pen can change the Constitution itself; but it seldom if ever does so, because Parliament is the expression of a public opinion which is stable because it has been educated to a knowledge of the national affairs visibly transacted in that great assembly, before the eyes of the people themselves. South Africa as such has no national opinion to prescribe the permanent foundations upon which the whole structure of her society shall rest, because she has no national assembly by means of which such opinion can be formed.

The greatest difficulty that popular government has to face is that of communicating to masses of people, with whom the power to govern rests, such a general knowledge of affairs as will enable them to use that power with advantage and not with injury to themselves. A parliament with open doors, where men accredited from all parts of the country meet and speak together, and having spoken, decide, is a common market of information. It is beyond comparison the most effective means devised for the

exchange of practical knowledge. But it is more than this, for it is also a mill where the facts are sifted, blended, ground and distributed in the form of opinion to all parts of the country.

The press is no more than the handmaid of such an institution, and without it cannot fulfil its function. This country is well supplied with newspapers, all local journals reflecting the view of the locality or section for which they are printed; but when they try to take South African views, they conflict with the instincts of the public they address. The press is not the parent of public opinion any more than it is the parent of national institutions. It is only their offspring. It may educate public opinion and modify the national institutions just as a child may have an effect on the parents from whom its own life and character are derived. Public opinion is the soul of a nation, but just as a soul cannot exist on earth without a body to inhabit, so there can be no national public opinion without national institutions. When South Africa has national institutions of her own she will also conceive a public opinion to inform and guide them and a press to reflect that public opinion. Until that time her people will remain provincial in their political outlook and in the scope of information upon which they act. South African interests will exist none the less and those interests will continue to miscarry because there is neither a South African public opinion, press, parliament nor administration to consider and direct their course. Government is not or should not be a matter of accident. Its forms

to be otherwise than mischievous must tally with the facts. As the various departments of South African affairs are each considered the mind ever returns to the same conclusion that her institutions are utterly at variance with the natural unity of the country. Hence it is that the public in each several Colony through its legislature and press continues to discuss the fiscal, native, labour, and railway questions as though each were a separate and distinct problem and to propose expedients for dealing with one without asking what effect it will have on another. Port Elizabeth, East London and Durban see their trade deserting them for a foreign port and cry out for the cancellation of the *modus vivendi*. They have nothing to remind them that even the temporary dislocation of the Transvaal labour supply would destroy the very traffic they are seeking to secure. The labour question is not immediately before them and they do not apply themselves to its solution. The people of the Rand persuade themselves on no sufficient data that Delagoa Bay is the cheapest route for goods from Europe, and the ruin which results to British ports is not present before their eyes. The result is that, even if the local governments arrive at an agreement on this matter or that, they have no adequate majority throughout the country or even in its several parts to support and maintain their action. There is no force of opinion competent to grasp the problem as a whole, nor can be till the system of government is so revised as to conform to the natural quality of the country and people to

which it is applied. Co-operation between governments, of which we hear so much, is an attempt to secure the rewards of national union without submitting to the discipline it requires, and like all expedients which evade the facts, cannot produce substantial results.

The first difficulty to be overcome is the idea that piece-meal measures can avail to remove evils which are the direct offspring of piece-meal institutions. One party deprecates the consideration of union until a general prosperity is restored. Another, more strangely still, argues that union cannot be thought of until the various Colonies have brought their native policies into harmony with one another. This is because neither has traced these evils to their true source nor realised that so long as the country is disunited, no wholesome level of prosperity can long be maintained, and that all its discordant policies whether in native affairs or anything else must continue to diverge from one another. They have come to look on union as a vague ideal, a convenient heading for political programmes, a suitable close for a public speech, and not as what it really is, the one practical path to a sounder condition of affairs. No adventitious props can avail to give stability to the fabric of South African affairs. The only course is to reconstruct them on a broad and deep foundation of their own. Not pious exhortation, but only the strong will of a united people can avail to bring discordant policies together, whether in railway, fiscal or native affairs. Union is not the end to which

reforms like these are a possible approach, but is itself the only road by which any approach to those reforms can be made.

A year ago as the result of a Conference between representatives of the various South African Governments I published a Circular Despatch pointing out that no satisfactory solution of the railway problems was possible until all the systems were united under one authority. I suggested that the various Governments should consult together with a view to the establishment of such a body as could exercise this control. Throughout the entire course of the six months which I had then spent in this country I was confronted with a crisis in railway affairs which appeared to be as interminable as it was acute. I saw that this tension was the cause of so much bitterness between the various Colonies that unless some such step was taken they would drift apart into an attitude of permanent estrangement, which might even lead to the financial ruin of those less fortunately placed. The railway problem suggested to me that the relations of the South African Colonies to one another were approximating rapidly to those which exist between the disunited republics of South America, instead of approaching the ordered and regulated relations of the North American States. At the time I was so absorbed by this railway problem that I thought it might be dealt with apart. Since that time I have travelled throughout the country and have endeavoured to understand its problems as a whole, and I now perceive that the same cause which

I first saw yielding such pernicious results in railway matters is affecting all departments of South African life. Disunion lies at the root of most of the special evils which for the last thirty years have rendered South Africa conspicuous for her troubles throughout the British Empire. The difficulties of South Africa must be faced as a whole and faced thoroughly by rooting out the evil which is the universal cause of these troubles in all their ramifications. Railways are but one of the interests common to all the people of South Africa, or rather I should say they are but a part of its one interest. The labour question, the native question, the economic question and all the other questions which I have dealt with in this memorandum are but parts of the fundamental South African question, and cannot be considered except in their relations to one another. The people of South Africa cannot control one of these questions and leave all the others with which it is bound up to be prejudiced at the will and caprice of any local section of the whole. If they purpose to hand down to their successors a country and people deserving to fill the status of a nation, they must assume the control of its whole destiny, and this they cannot do unless they learn how to act and how to exercise that control as one. The cure for South African evils lies not in the establishment of a South African Railway Council but in the creation of such a national Government as controls the destinies of Canada, New Zealand, and Australia.

The appointment of a Joint Railway Council

(which was the only machinery open to me to suggest at a moment when neither the Transvaal nor Orange River Colony was on the eve of responsible government, just as the Inter-Colonial Council was the only machinery which it was possible to create, at the time it was created, for the purpose of discharging functions common both to the Orange River Colony and to the Transvaal) by the various administrations of South Africa would not alone furnish a complete solution even of the railway difficulty. Joint Councils are bodies created by secondary election, and are therefore subject to certain radical defects, such as I have noticed in the case of the Customs Convention. In practice the various members have too little power of using their own judgment and small scope for initiative. They are prone to think even in questions of detail, not what is the wisest thing to be done or the best thing in each specific instance, but rather what the Government they represent will allow them to do. They are simply the mouthpieces of the Governments or Legislatures which appoint them, and such bodies when entrusted with highly contentious matters are, therefore, indifferent administrative bodies. What is known as the European Concert is proverbially cumbersome and inefficient in its operations. When undertaking such a task as the pacification of Crete or the enforcement of civilised rule in Macedonia, it has done less than any one member of that Concert could have done in half the time given a free hand. A Joint Council for the management of railways would be, in fact, a South African Concert,

and would suffer from similar defects, which would be felt, as the want of essential union makes itself felt at present, in a variety of different ways. I do not think, for example, that such a Joint Council could long conduct its business without obtaining legislation applicable to the railways throughout the whole country. It would, however, be an extraordinary thing if such a Joint Council were given power to make laws over the heads of the separate legislatures throughout South Africa. Such procedure would ignore the fundamental principle of popular government that the laws should be framed by assemblies elected by the people themselves and directly answerable to no one but them. If on the other hand such universal laws governing railway matters could only be made by asking four or five different legislatures to pass them in identical forms, South Africa would again be face to face with one of those impossible positions which are the ever-recurring results of disunion.

The railways are intimately bound up with the whole economic system of the country, and affect so deeply the interests of all its inhabitants that I do not think it would be wise or right for the whole system to be brought under the control of an authority which was not directly answerable to the people themselves, now that for the first time in recent years the establishment of such an authority is passing within the region of practical politics.

The union of the railways under a South African government would necessarily involve the consolida-

tion of the debts which those assets represent, and the next step could be the consolidation of all the public debts of the British South African Colonies. From the financial point of view this is eminently desirable. The consolidation of South African debts would mean such an improvement in the general credit of South Africa as would make itself felt to the advantage even of those whose debts were relatively lightest.

I do not, therefore, now repeat the suggestion which under different circumstances I made a year ago in favour of the constitution of a joint Railway Council, nor is it within the sphere of my duty to put forward for the acceptance of the people of South Africa any scheme of national union. If, after a careful review of the facts of the present situation, they are of opinion that some form of national union is necessary, it is for them, and for them alone, to frame a scheme for it.

Part VIII.

The Immediate Future.

While the removal of the peculiar evils to which the people of South Africa are subject is a work which they themselves and no one else can undertake, the evil is of such a nature as to obscure either from themselves or their representatives any general view of their own situation. The only person with access to all the facts and so placed as to view them as a whole, without a special effort to do so, is the High

Commissioner, who represents the Imperial authority and not the people of South Africa. With a request such as I have before me from the Governments of the British South African Colonies I cannot do otherwise than state without reserve the facts as they present themselves to me for the information of those with whom alone the power to apply the remedy lies.

Having traced the causes of disunion and shown how calamitous its effects now are in every department of their affairs, I must now acquaint them with the position that must be faced in the course of the next few months.

Under the system of Crown Colony Government the ultimate responsibility to His Majesty's Secretary of State for the administration of the Transvaal and Orange River Colonies and the one railway system with which they are united, rests with the Governor, who happens also to be High Commissioner. In the second part of this memorandum some of the matters have been noted which have long been at issue between the several railway administrations. Many of those points can not be permanently settled without prejudice to questions of principle which ought to be decided by the representatives of the people themselves, and the efforts of the Central South African Railways Administration have therefore been directed towards bringing about a working agreement for the time being, so as to prevent the Central South African Railways from being handed over to the successors of the present Governments in a state of active hostility with the other railway administrations of South

Africa. A temporary arrangement for twelve months has been arrived at on all outstanding disputes including those which have arisen from the completion of the Klerksdorp–Fourteen Streams line, the Bethlehem–Kroonstad line and the line between Brakpan and Witbank. The fact that in two Colonies administrations directed by the Crown were about to give place to Governments immediately responsible to the people embarrassed the situation, but the ready appreciation of these difficulties shown by the Governments of the Cape Colony and Natal has gone far to smooth the way to a settlement. I welcome this opportunity of recording my gratitude for the moderation used under conditions which have been trying in the extreme, and if within twelve months the four Governments can meet, relieved from the tension which would exist had immediate and pressing questions remained in dispute, that result will be in great measure due to the ministries of the Cape Colony and Natal, who abstained from pressing matters to an issue at a moment when the conditions necessary for the completion of a settlement had not arrived. The new Governments might have entered on office to find themselves faced with a crisis. As it is a breathing space has been secured in which they can consider the momentous issue which lies before the Governments of South Africa. So far they have tried to follow a middle path leading direct neither to union nor separation, from which they thought they might turn either to the one or the other whenever they chose. When, however, the various courses

open to the parties at the approaching railway conference are considered, it will be seen that the time is at hand when a definite decision can no longer be postponed.

It must indeed be realised, that within a year the political position of the country as a whole must become the subject of deliberate discussion between all the Governments of British South Africa. From the diagrams on which the distribution of traffic between the various coast States is traced, it is plain that the preference provided by the *modus vivendi* as against the British ports is threatening them with ruin, and if left to take its course cannot do otherwise than seriously affect the stability of the budgets of the coast Colonies. It is that position together with all the minor subjects in dispute which must within twelve months become the subject of a Conference, and the South African Colonies will then find themselves at the parting of the ways.

The earlier parts of this memorandum have been devoted for the most part to pointing out principles and suggesting what the national ideal should be, and what probably the ideals of a united South African nation would have been in the past. Had the whole railway system of South Africa for the last twenty years grown up under the control of a national government, sooner or later a line would have been built to Delagoa Bay, but a government which was responsible for all the ports and railways of British South Africa could not possibly have afforded to have developed Delagoa Bay to the sacrifice of its own

invested capital. It would never have diverted so much of the inland traffic from its own ports to build up a foreign community beyond its frontiers. Unfortunately the railways of South Africa did not grow up under a national government, but were constructed not merely in competition with, but almost in the spirit of hostility against, one another. South African trade has in consequence gone to foster Delagoa Bay and has built up valuable interests there, so that it is now impossible to leave these factors out of account.

There are at all times a number of public men who believe that any resolute attempt to face the situation is dangerous rashness. Such men are wont to say that the union of South Africa cannot be hurried, and will come in due time, as though it would some day fall like rain and be attained without painful effort on the part of the people themselves. It is not so that great human institutions are made. They are always the result of conscious will, forethought and labour, and not until the great struggle is faced, the supreme effort made and heavy sacrifice undertaken, will the union of South Africa become an accomplished fact. The truth which needs to be recognised is this, that the longer the struggle is postponed the greater will be the effort and the heavier the sacrifice which must be undertaken. Worst of all, the results sought by union will grow less and less worth attaining. The advocates of inaction ever forget that while they sit with folded hands the course of events never halts, but hurries past them and beyond their control.

This has been the case with Delagoa Bay, but there is still time to modify the disproportionate and unforeseen advantages which the present arrangement has operated to bestow on a foreign port, and to make such alterations as will secure to the British ports a fair distribution of the inland traffic, though in scrupulous fairness and in all friendly spirit towards our ally.

It is not as yet possible to say with exactness who the parties at the Conference will be, or what particular interest each will represent, for it is a question whether the representatives of the Transvaal and Orange River Colonies will appear jointly answerable for one unified system as at present, or each on their own account and answerable for separate systems. Even if the Inter-Colonial Council of the Transvaal and Orange River Colony holds together, the coast Colonies should ask themselves in advance whether the new administrations, who will have to justify all they do to the electorate of the inland Colonies, would be likely to accept a scale of rates designed to pass two-thirds of the traffic over the lines of Natal and the Cape Colony. It has been already stated that if in the year 1905 all the Transvaal traffic could have been diverted to Delagoa Bay the gross revenue of the Central South African Railways would have been increased by at least £200,000. There is indeed good reason for believing that every ton diverted from the foreign port to the British ports will mean a loss of gross revenue to the Central South African Railways equal on the average to about £1 2*s.* 4*d.*

So long, therefore, as the railway system of British South Africa remains as it is at present, artificially split up into sections by the mistakes and accidents of history, any substantial relief given to the coast Colonies will be paid for by the inland Colonies at the cost of hundreds of thousands of pounds. No arrangement whereby the inland Colonies agreed to sacrifice revenue on this scale out of friendship to their neighbours, even if made, could be expected to last. The first recurrence of financial pressure would break it down, and every business man would know this and distrust it as much as he distrusts the stability of the Customs Union. Patriotism is and should be stronger than material considerations, but all experience in this and every other country, and more especially the treatment received by the Orange Free State at the hands of its ally as set forth in Mr. Brounger's letter, shows that it would be madness to found any hopes on a settlement which involved a visible continuous and substantial pecuniary loss to a separate administration.

The other possibility is that the Transvaal and the Orange River Colony may present themselves at this Conference as separate Railway Administrations. In this event the Transvaal will hold the keys of the situation as Mr. Middelburg held them at the Conference of 1895; but it will be as difficult for any administration answerable to its tax-payers, to allow traffic to enter by way of Viljoen's Drift which could be brought in by way of Komati Poort, as it was for President Kruger to do so.

Some expedient which will secure for the ports of the coast Colonies a fair share of the traffic is, in my belief, absolutely essential to the future unity of South Africa, but the inherent defect in the proposals which were put forward by the Coast Colonies at the Conference of 1905 is this, that in order to produce a fair distribution of traffic, the South African Governments were asked to accept an arrangement which gave all the advantages of the change to one geographical section and imposed the whole of the cost to be paid for it on another geographical section. As already shown, this result has come about because those geographical divisions are not natural but arbitrary. The only means by which the people of South Africa can secure an even and uniform division of all the gains and losses which are to be brought about by an arrangement, necessary to save their unity in the future, is by wiping out those geographical divisions, so far as the railways are concerned, by uniting the railways into one system, and by ceasing to treat them as a source of revenue; for so long as the railways are used as an engine of taxation, the taxes so paid will be distributed unevenly amongst the population of the country. The moment the railway systems of South Africa are made one, and the Transvaal and the Orange River Colony become partners in that system, they cease to be concerned to send the whole of their traffic through Delagoa Bay. They are merely concerned in seeing that goods are brought to their country as cheaply as possible. It will no longer pay them to see great

sections of a system of which they are part owners left to rust, and they will be prepared to face such a distribution of traffic between the various routes as will save the ports of their own country from ruin. The people of the Transvaal will see that it is wholly to their interest to use their great resources, not in developing a foreign port, but in developing at their own ports great commercial communities whose interests will be identical with theirs.

Any system of union, while it must ultimately be based upon free trade within the limits of British South Africa, must include some provision for the protection of existing interests during the transition stage. It might, for instance, secure a certain proportion of traffic to each of the ports for a period of years. During that time the Government of the united country would be gaining an insight into the facts of the situation. Its railway administration would be finding out which were the natural lines for this or that current of traffic, and how much traffic could be taken by each line to the best advantage of the country as a whole, so that after the transition period, the question would rest with the national Government itself subject to the constitutional obligation to see that internal free trade was, as far as possible, preserved.

Attention has been drawn to the fact that where the Colonies cannot agree amongst themselves, the Imperial Government is often forced to interfere in affairs which are strictly domestic to South Africa. If the Conference breaks up, if the Transvaal and the

rest of South Africa turn their backs on one another, each to pursue its own selfish course, the results are likely to furnish an apt illustration of this remark. The immediate consequence can scarcely be anything but the declaration of a rate war, such as all the administrations of South Africa have for the last few years been straining every nerve to avoid. The rates from the British ports will be lowered so as to enable them to compete with Delagoa Bay. In accordance with the terms of the *modus vivendi*, the Central South African Railways would respond either by reducing rates from Delagoa Bay, or by imposing countervailing rates against the coast Colonies. I am assuming, first of all, that the arrangements between the Transvaal and the Orange River Colony will have held together. The ports will be faced with ruin, and their Governments with the gravest financial embarrassment, and, powerless as they are, they can scarcely do otherwise than appeal to the Imperial Government, and for this reason, that the responsibility for maintaining the *modus vivendi* rests with the Imperial Government. The Transvaal Government is repeatedly mentioned in that agreement as being bound by its terms, but the parties to the agreement are the British Consul-General, who is stated to act for and on behalf of the High Commissioner for South Africa, and the Governor-General of the Moçambique Provinces. In past years the office of High Commissioner has at various times been identified with the Governorship of Natal and the Governorship of Cape Colony, and it does not by any means follow that it will

always remain identified with the Governorship of the Transvaal. It might, therefore, fall out that the man who was the Governor of Cape Colony might be the person who, subject to the orders of the Secretary of State, might be responsible for maintaining or denouncing that agreement. It is perfectly clear that as matters stand the responsibilities which it involves lie in the last instance with the Imperial Government, and not with the Government of the Transvaal. If then the coast Colonies point out to the Secretary of State that they are forced into a rate war for self-preservation by the terms of this agreement, the Secretary of State would again find himself forced into the position of arbiter between the contending Colonies of South Africa on a matter strictly domestic to South Africa, and of no importance whatever to the Empire at large unless it were allowed to run to such lengths as threatened the peace of the country, a point which was once well-nigh reached over the question of the drifts.

If, however, the Central South African Railway Administration broke up, and the Government of the Orange River Colony once more managed its railways separately, it would, in fact, be obliged to fall in with the coast Colonies. The situation would then be more critical still, for the coast Colonies could run their goods up at competitive rates to Viljoen's Drift, within reach of the Rand by wagon traffic. Once more South Africa would be faced by the drifts question. The Imperial Government might find itself invited to force the hand of a British Colony, as it

once forced the hand of the South African Republic. In any case, the Imperial Government would be obliged to use its own judgment as to whether the *modus vivendi* was to be maintained or denounced. So long as South Africa was united in the attitude which she adopted towards the maintenance or modification of this agreement, and so long as other Imperial interests were not involved (and in this particular case no other Imperial interests are involved), there is no doubt but that the Imperial Government would be always guided by the united voice of the country ; but if that voice is discordant, if different sections of the country are simultaneously demanding from the Imperial Government different and inconsistent things, the Imperial Government cannot do otherwise than settle the matter at its own discretion, and over the heads of the South African people.

Part IX.

General Observations.

Thus, in the last instance, a question affecting the labour supply and railway rates of South Africa might be taken out of the hands of any authority in this country and remitted for settlement to a Government primarily responsible to the people of the United Kingdom, and which has no wish to be dragged into the matter at all. Here, as everywhere, inability to settle her own affairs is the necessary consequence of disunion, and the certain cause of

miscarriage in South African affairs. Yet the Colonial policy accepted by all parties in Great Britain is, from first to last, conceived in the wise belief that such questions as the Colonies of South Africa continue to force upon them cannot really be settled at Westminster with advantage to either people.

South Africa exemplifies the truth of one of the oldest recorded maxims of political philosophy. More than 2,000 years ago it was said that it is not by promises but by mutual interests that communities are bound together. The writer was thinking of military alliances, and his saying contains a truth, but not the whole truth. To bind a nation together you must not only have obligations embodied in a constitution. There must be not merely kinship among the people, and a certain measure of geographical unity, but there must be common interests as well. Not any one but all these things are the essentials of national unity in the fullest sense. Whatever conventions and arrangements are made, be the people of the various communities of South Africa ever so united by common blood, be the physical boundaries which divide them ever so slight, so long as the political arrangements are such that the Transvaal has materially more to gain by traffic with Portugal than with her sister Colonies, her sympathies will unite her with Delagoa Bay, and divide her from them. So long as that state of affairs is allowed to continue the wider and deeper will that division become. It will develop into a mutual hostility fatal to common understandings such as the

Customs Convention. That hostility will end by becoming a tradition of South Africa. Its roots will be driven so deep that in future no one will be able to tear them up. The material interests of the Transvaal will become so involved with Delagoa Bay that it may in the end prove impossible to unite British South Africa as it has proved impossible to combine Sweden and Norway under one Government.

The union of a divided country is seldom a thing which can be postponed to a more convenient season. Divisions left alone tend to emphasize and perpetuate themselves day by day until any really firm union becomes impossible. The statement so often made that the union of Australia was hurried is the very reverse of the truth. What difficulty there is in holding that union together now is directly due to the fact that it was made too late. The separate States remained apart so long that they began to grow into separate nations, and to feel as such. The union of the Commonwealth was a union of a far looser kind than that of the Dominion of Canada. Had Australia faced the question when Canada faced it, she could have united no less firmly, and the permanence and strength of that union would now have been as unquestioned as hers.

The observation has been made that the knowledge of South Africans, their outlook and their patriotism are in some measure bounded by the colonial or provincial mould in which they have been cast. In the mind of a Canadian the interests of the Dominion take such a foremost place as the interests of the

United Kingdom take in the mind of an Englishman. Neither would think of putting the local interests of Ontario or Lancashire, or whatever his native province or county might be, in anything but a subordinate place. The loyalty of too many South Africans on the other hand clings to the Colony in which they happen to live and the man who would urge the subordination of the interests of his particular Colony to those of South Africa runs the risk of being thought a dangerous and visionary politician. The vivid fact of South African Nationality has almost no expression in her political institutions. She has no outward and visible sign to which the loyalty of all her sons may cling, no watchword to utter or standard to raise which may awake them all to vigilance or call them all to action. Obstacles of this kind, so subtle and intangible, existing not in facts but in the minds of men, are to be overcome by such a conscious and deliberate effort of mind, as in all times has lifted men and nations from one level of existence to another. It is the faculty of imagination which distinguishes a race that is capable of progress from one that is not, by enabling that race to look beyond the wall that surrounds it and by nerving it to throw it down. In spite of their history, and in the face of political facts, the people of this country must think as members of the South African nation, and deliberately create such conditions as will make it natural for them and their children to do so.

The practice, consciously followed, of putting aside the provincial point of view, and viewing each ques-

tion as it arises from the national and South African standpoint will act as a solvent to every difficulty which bars the way. Take, for example, the question of the capital, always a burning one, wherever a divided country is attempting to unite. Such a question is almost insoluble so long as it is a matter of weighing the claims put forward by the several States, but if once such reasons are consigned to the background and the one point considered is where the capital will best serve the interests of the whole South African people, the difficulties will vanish at once.

The same principle applies to opinions no less than interests. It has been suggested that there are questions which affect not the people of any one Colony but the people of South Africa as a whole. It has been pointed out that in the absence of any machinery competent to dispose of those questions, they are either left unsolved, referred for solution to the Imperial power, or are settled and prejudiced by one section over the heads of all the others. Everyone who accepts this view of the situation will agree that it is mere waste of breath to agitate these questions further until the machinery for solving them is created, and that South Africa should first of all apply her undivided strength to accomplish the necessary constitutional reform. At best it is a most difficult feat to unite the country under one Government, but those who undertake it will make their task impossible if they attempt at the same time to close the open questions which divide opinion from

one end of it to another. They must be content to finish one thing before they go on to the next and they can hardly accomplish union unless they agree to postpone subsidiary questions until by a great constitutional reform they have secured to her people the means of considering and deciding them as a whole. To prejudice such questions is indeed the negation of the principle upon which union is sought, and in so far as South Africans genuinely believe in Representative Government they should insist that all questions, which can be left open and excluded from the Constitutional question, should be held in abeyance to be settled afterwards by the united people whom they concern.

South Africans should be wary of assuming that all South Africa can be united under one Government in the same compact manner as Natal or the Orange River Colony are united under one administration. Surely, in a country so great as that which extends from the Zambesi to the Cape of Good Hope, many functions of government must always, in practice, be localised in the hands of local or provincial administrations. Within the sphere of work of a central national administration could of course be included all matters which local governments cannot handle with effect, or cannot dispose of at all; but there would still be functions which the present governments perform, which would have to be carried out by a provincial administration. Obviously it would be convenient to base those administrations on the historic areas with their existing Governments,

modifying them perhaps on less ambitious and far less expensive lines. Some arrangement of this sort would have evolved itself even if the Government of South Africa had spread naturally northwards from the Cape to the Zambesi as it spread from the eastern provinces in Canada to Yukon and the Pacific coast.

One more consequence follows as a sequel from the principles which have been laid down. The populations of British and Boer descent are, so far as can be ascertained, approximately equal, and the South African nation of the future will be compounded of these two strong ingredients, just as the Boer himself is the joint product of those tough qualities in the Dutch and Huguenot character which set all the powers of Papal Europe at defiance. Every thoughtful South African looks forward to a fusion of thought, aim and blood between the British and Boer stock which will develop a national type as strong as all mixtures of the western peoples of Europe have ever proved. This, to me, is the true mission of the British Empire, to foster the growth of vigorous nations, adapted to the continent and country in which they live, distinguished by marked characteristics from the other peoples, who in the five continents are included in its magic bond of equal brotherhood and own one Sovereign. But to say that there is at this moment no racial question in South Africa is to ignore facts and to confound the aim of the future with the realities of the present. I hold it a safer course to face those facts, and those who seek to found a national union will do well to remember that we are

still within five years of a civil war. The mutual respect begotten in the course of that arduous struggle will prove the first and firmest foundation of a common nationality in the future, but for the moment it is best to remember that South Africans are men, subject to all the natural limitations of human nature, and it would be blindness to deny that there still remains between them a measure of suspicion and distrust. I am convinced that the best way to overcome this difficulty is for both races to avow it, and at the same time for both to admit that the only possible form of union is one which the other party will accept as well as themselves. National union is one of those few matters upon which every Government must take every opposition into its confidence without reserve.

If union is the only means whereby peace and prosperity can be attained in this country the remedy may be thought too laborious and slow, and that before any improvement can be reached many who are now near the end of their resources will be faced with ruin. Such objectors will point to Australia where union was the result of a ten years' campaign. But the conditions of South Africa have a far closer analogy to those of Canada than to those of Australia, and in Canada union was an accomplished fact within three years from the time when the movement first began. The rapidity with which union was attained by the people of Canada was due to the fact that they approached the question in the very manner and attitude of mind recommended in this memo-

randum. British and French, Protestants and Catholics, Liberals and Conservatives, differing in all else joined in this alone, that the united government of Canada by herself must be a condition precedent to the settlement of all other questions. It is true that an opposition to national union sprang up, not from any one of the recognised parties but from that section of opinion to be found in every country which does not know how to rise to any great project of national reform. But that opposition was swept away by a people passionately desirous to be one and as such to control their own future and fate. There is no reason why South Africans should not apply the remedy as quickly and effectively as it was applied in Canada. If all the people are brought to realise that unless they take the path to union they will be committed to that of separation, whether they desire it or no, the alternative they will choose is not in doubt. If not, and if the inland Colonies are led to imagine that the final choice can be put off, and that for the present they can pursue their own interests regardless of the consequences to the people of South Africa, they may find themselves once more, having moved in a circle of wide disaster, faced as in 1895 with the question of the drifts.

Reference has already been made to the disastrous attempt initiated in 1876 to force federation on South Africa. The fruits of that miscarriage remain, and while South Africans regard union as the one final cure for their troubles they have come to shrink from the act required to effect it as a sick man shrinks

from a surgical operation, forgetting that the longer the ordeal is postponed the more confirmed will his disease become.

In 1858 the political conditions of South Africa were such that the first movement in favour of National Union could scarcely be taken by any community other than the Orange Free State. Nothing that the little Republic could do to further this end was neglected, and had the matter been left to be determined in South Africa the movement would in all likelihood have been carried to its completion.

South Africans may well ask themselves from what calamities would not their country have been saved, if fifty or even thirty years ago, by a movement born of the soil and nurtured by their own statesmen, the federation of South Africa had been accomplished. Shall it fall to the lot of your children hereafter to have to ask themselves the same question ?

S.

January 1, 1907.

APPENDIX C.

AGREEMENT for a '*Modus Vivendi*' made between His Excellency the High Commissioner for South Africa and His Excellency the Governor-General of Mozambique, December 18th, 1901.

The undersigned, LORD MILNER, His Britannic Majesty's High Commissioner for South Africa, &c., represented by His Britannic Majesty's Consul-General at Lourenço Marques, CAPTAIN F. H. E. CROWE, Royal Navy, and MANOEL RAPHAEL GORJÃO, Privy Councillor to His Most Faithful Majesty, THE KING OF PORTUGAL, Brigadier-

General, Governor-General of the Province of Mozambique, &c., &c., having recognised that, pending the conclusion of an agreement relative to the Province of Mozambique and the neighbouring British Territories, it is indispensable that the terms of a *modus vivendi* should be established : and in particular that the *status quo ante bellum* should be as far as possible re-established between the Province of Mozambique and the Transvaal, have together arranged the following :

ARTICLE I.

The engagement of native labourers from the Province of Mozambique for the Transvaal and Rhodesia, shall be established from now, and shall be allowed by the Government-General of the said Province while the present *modus vivendi* is in force or until the said *modus vivendi* shall be denounced by one of the parties in conformity with the terms of Article 13.

ARTICLE II.

The said engagement of native labourers shall be made in conformity with the procedure set forth in the Provincial Regulation of the Eighteenth of November, One Thousand Eight Hundred and Ninety-Seven, subject to such modifications as may be agreed on between the parties now or hereafter :—The collectors of labour to be accepted by both parties and to be subject as regards the collecting of labourers in Portuguese Territory, not only to the laws and regulations in force in the Province of Mozambique, but also to those that may be promulgated in the future. It is understood that the guarantee deposit and licence which the collectors have to pay will not be higher than those set forth in the said Regulation of the Eighteenth of November, One Thousand Eight Hundred and Ninety-Seven.

ARTICLE III.

The Curator's Office for natives from the Province of Mozambique is re-established in Johannesburg in the terms of the Regulation of the Eighteenth of November, One Thousand Eight Hundred and Ninety-Seven, save for the modifications which may be adopted by agreement between the two parties. It is understood that the powers and duties of the Curator are only similar to those of a Consular officer.

The Transvaal Government will give to the Curator every facility and assistance in its power and in particular facilities will be given to ensure as far as possible that the names of all natives immigrating from Portuguese Territory and their places of employment are registered in the Curator's Office.

ARTICLE IV.

The combined tariffs and classification of goods on the Lourenço Marques–Ressano Garcia and Ressano Garcia–Johannesburg lines, which were in force before the war, shall be re-established, and shall be in force as long as this *modus vivendi* shall exist, save for the modifications which may be made by agreement between the two parties. It is understood that should the tariffs or classification of goods be modified on the lines from Durban, East London, Port Elizabeth and Cape Town to the Transvaal, during the existence of the *modus vivendi*, the classification and tariffs on the Lourenço Marques–Johannesburg line shall be equally modified in proportion and in such a manner as to preserve the relation which existed between the tariffs prior to the war.

ARTICLE V.

Upon the commencement of immigration the civil traffic from the Portuguese frontier into the Transvaal will be allotted such a number of trucks as the Director of the Imperial Military Railways is able to allot to the said civil traffic without prejudice to the indispensable military traffic. It is also understood that the civil traffic above-mentioned will be regulated on the same principles, and in equally favourable manner, as the civil traffic coming from the Cape and Natal.

ARTICLE VI.

For the expenses of fiscalization, passports, contracts, registration, &c., &c., the Government-General shall receive during the period of the *modus vivendi* for every immigrated native who is passed by a Transvaal Government Official at the border, or at such place as may be agreed on between the parties, the sum of thirteen shillings (13*s.*). This sum will cover all expenses and no other amount will be charged, with the exception of a fee on re-engagement, as specified in Article 9.

ARTICLE VII.

It is agreed that the Government-General of the Province of Mozambique and the Directorate of the Lourenço Marques Railway will grant to the Imperial Military Railways equal treatment, in all respects, and will concede the same privileges as were conceded to the Netherlands Railway Company, with the exception of the military and hospital trains, to which there will be given a special rebate, according to the arrangement made on December the 11th, One Thousand Nine Hundred and One, with the Director of the Imperial Military Railways, which is hereby sanctioned during the continuance of the *modus vivendi*.

ARTICLE VIII.

The railway charges for immigrated natives returning to the Portuguese frontier shall be equally favourable with the railway charges made for the conveyance of immigrating natives from the Portuguese frontier into the Transvaal.

ARTICLE IX.

The contracts of employment of immigrating natives shall be made in the first place for not more than one year. The Transvaal Government undertakes that natives will be given their discharge at the expiration of the period of contract and that no pressure shall be put on them to renew their contracts. Should a native renew his contract voluntarily at the end of the year either with the same or with another employer, the Portuguese Authorities shall be entitled to receive a further fee at the rate of sixpence (6*d.*) per month for the period of the new contract.

ARTICLE X.

The provisions of the Treaty of the 11th of December, One Thousand Eight Hundred and Seventy-Five, will be observed by the Transvaal Colony and reciprocally by the Portuguese Authorities.

But notwithstanding anything to the contrary in the aforesaid provisions, alcoholic liquors manufactured in the Province of Mozambique may be subjected on entering the Transvaal to the same duties as, but no greater than, the duties imposed on similar alcoholic liquors manufactured in the Cape Colony and Natal.

Reciprocally alcoholic liquors manufactured in the Transvaal may be subjected to the same duties on entering the Province of Mozambique.

It is also to be understood that nothing in the above-mentioned Treaty shall be held to prevent the entry of the Transvaal or of the Province of Mozambique or of both into the South African Customs Union, should such entry take place during the continuance of the *modus vivendi*.

ARTICLE XI.

During the existence of the *modus vivendi*, goods sent in transit from Lourenço Marques on entering the Transvaal shall have equal treatment with, and shall pay no higher customs duties than, the same class of goods sent in transit from Durban, East London, Port Elizabeth and Cape Town.

ARTICLE XII.

The Transvaal Government will use its best endeavours to discourage and prevent the clandestine immigration of natives from Portuguese Territory.

ARTICLE XIII.

The present *modus vivendi* shall be in force until the conclusion of a definite Convention. It can, however, be determined by either of the parties by means of one year's notice. As soon as the *modus vivendi* is denounced by either of the parties, the engagement of natives in the Province of Mozambique will be *ipso facto* suspended.

Done at Lourenço Marques this Eighteenth day of December, in the year of Our Lord One Thousand Nine Hundred and One.

MANOEL R. GORJÃO, G.G.,
FRITZ H. E. CROWE,
For and on behalf of His Excellency the
High Commissioner for South Africa.

ADDITIONAL ARTICLE.

Notwithstanding the provisions of Article 10 of the *modus vivendi* of December the 18th, 1901, by which the provisions of the Treaty of the 11th of December, 1875, are continued in force, it is understood that the products of the industry of either Colony or Possession will only be admitted free of

duty into the other Colony or Possession, provided the elements or chief constituent parts of such industry are the products of the soil of such Colony or Possession. And it is further understood that the above interpretation of the words 'products of the industry' shall hold good for only so long as the provisions of Article 4 of the above mentioned *modus vivendi* are observed, unless these provisions be altered by virtue of propositions put forward by the Portuguese Government.

Lourenço Marques,
June 15th, 1904.

APPENDIX D.

MEMORANDUM on the limits within which it is possible to amend in Committee of the Legislature a Draft Ordinance for giving effect to a Customs Convention.

It will be seen from the attached extract from the Votes and Proceedings of the Cape House of Assembly that when the First Customs' Union Convention was entered into a Bill with the Tariff annexed came before the assembly and it was ruled by the Speaker that no alteration could be made in the tariff because the House had already agreed to a resolution affirming the Convention. It will also be seen that in 1897, in the Cape House of Assembly the Speaker dissented from the previous ruling on the ground that there was no Constitutional principle by which the Crown could by way of Treaty impose taxation on the people so as to prevent its representatives in Parliament from altering that taxation if they should think fit. In the Legislative Council of the Transvaal the same point arose during discussion in Committee on the Customs Amendment Draft Ordinance, 1906, on the 28th June, 1906. A ruling was asked for by the Colonial Secretary as to whether it was possible for members to move amendments contrary to the terms of the Convention, whereupon the Chairman gave the following ruling, viz.:

'That the terms of the Clause appeared to be exactly the terms which are contained in Article 12 of the Convention and therefore it is not competent for any member to

move an Amendment to this Ordinance which would substantially alter any of the terms of the Convention which has already been ratified and approved.'

It is believed that there are precedents in the House of Commons in support of the ruling given by the Chairman of Committees just quoted, though not in cases of bills imposing taxation.

EXTRACT from the Votes and Proceedings of the House of Assembly of the Cape of Good Hope, Monday, 3rd May, 1897.

Mr. SCHREINER moved :—'That Mr. Speaker's ruling be obtained on the point whether, in view of the fact that the Convention referred to the Committee was one between the Governments of the Cape of Good Hope and the Orange Free State, it was competent in Committee to move Amendments to any Articles of the Convention.'—*Agreed to.*

House Resumed.

Mr. SPEAKER in the Chair.

The CHAIRMAN stated the point on which Mr. Speaker's ruling was desired.

Mr. SPEAKER ruled :—'In 1889, when the first Customs' Union Convention was entered into, the mode of procedure adopted was that a Bill was introduced. During the consideration thereof, the leader of the Opposition gave notice of a Motion challenging some of the principles involved in the Convention, whereupon the then Prime Minister gave notice of an Amendment affirming the Convention, in substantially the same terms as the Motion now before the Committee. This Amendment was carried. When the Bill, with the Tariff annexed came before the House, it was ruled by Mr. Speaker that no alteration could be made in the tariff, because the House had already agreed to it by the resolution. The result of that ruling is, that if the present proposed resolution is carried, the House will be precluded from altering the tariff hereafter. Now I do not admit that there is any constitutional principle by which the Crown can by way of treaty impose taxation upon the people, so as to prevent its representatives in Parliament from altering that taxation, if it should think fit. It is the constitutional principle that the Government initiate proposals for taxa-

tion, but it is a fundamental principle that the house may either reject, or accept, or modify, such taxation. The point as put to me is raised in the form, whether there can be an Amendment to any Article of the Convention, but Article 1 is really nothing more than the tariff, and the right to regulate taxation cannot be taken away by the form in which the question is raised. The question before the Committee is a Motion; it is open to any Member to move any Amendment in that Motion either by omitting, inserting or adding words; and if any Member proposes an alteration in the Tariff he is entitled to do so, by, *e.g.*—adding words to the effect: "Save and except in regard to the item specified the duty on which shall be.....instead of ....." This is the proper form of such Amendment. In form it will not be an Amendment of the Articles of the Convention, though it will be such in substance. It will be in form an Amendment to the Motion now before the House in the direction I have pointed out.'

No. 2.

The HIGH COMMISSIONER to the SECRETARY OF STATE.

(Received February 11, 1907.)

High Commissioner's Office,
Johannesburg,
January 21, 1907.

My Lord,

With reference to my despatch of January 7th,* I have the honour to transmit to Your Lordship a copy of a despatch addressed by me to the Governors of Cape Colony and Natal enclosing a memorandum dealing with the technicalities of railway management.

2. I have also forwarded copies of the memorandum and of my covering despatch, to the Transvaal and

* No. 1.

Orange River Colony Governments and to the Administrator of Southern Rhodesia.

I have, &c.,
SELBORNE,
High Commissioner.

Enclosure in No. 2.

The High Commissioner to the Governors of the Cape and Natal.

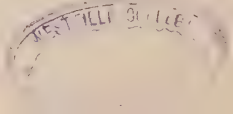
High Commissioner's Office,
Johannesburg,
January 16th, 1907.

Sir,

With reference to my despatch, Confidential, of January 7th, I enclose a memorandum on the technicalities of railway management, which has been put into my hands by a gentleman who has had opportunities of giving very special attention to this subject. I transmit it to you exactly as he has handed it to me. I have not edited it, nor do I consider myself in any way responsible for the opinions stated in it. But it appears to me such a valuable contribution to the study of the railway problem in South Africa that I confidently recommend it to the attention of your Ministers.

I have, &c.,
Selborne,
High Commissioner.

1. The Governor of Cape Colony.
2. The Governor of Natal.



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